



Stock Code 股份代號：2078



ANNUAL REPORT

年²⁰²⁵

報

榮陽實業集團有限公司
PanAsialum Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

CONTENTS

02/	Corporate Information
03/	Financial Highlights
04/	Chairman's Statement
06/	Management Discussion and Analysis
13/	Biographical Details of Directors and Senior Management
16/	Directors' Report
31/	Corporate Governance Report
45/	Environmental, Social and Governance Report
70/	Independent Auditor's Report
74/	Consolidated Statement of Comprehensive Income
76/	Consolidated Statement of Financial Position
78/	Consolidated Statement of Changes in Equity
79/	Consolidated Statement of Cash Flows
80/	Notes to the Consolidated Financial Statements
132/	Financial Summary

DIRECTORS

Executive Directors

Mr. Pan Zhaolong (*Chairman and Chief Executive Officer*)

Non-executive Director

Ms. Lam Yuen Man Maria

Independent Non-executive Directors

Dr. Cheung Wah Keung

Mr. Chan Kai Nang

Mr. Man Yiu Kwong Nick

BOARD COMMITTEES

Audit Committee

Mr. Man Yiu Kwong Nick (*Chairman*)

Mr. Chan Kai Nang

Dr. Cheung Wah Keung

Remuneration Committee

Dr. Cheung Wah Keung (*Chairman*)

Mr. Chan Kai Nang

Mr. Man Yiu Kwong Nick

Nomination Committee

Mr. Man Yiu Kwong Nick (*Chairman*)

Mr. Pan Zhaolong

Ms. Lam Yuen Man Maria (*Appointed on July 1, 2025*)

Dr. Cheung Wah Keung

Mr. Chan Kai Nang

Environmental, Social and Governance Committee

Mr. Pan Zhaolong (*Chairman*)

Mr. Ho Pak Yiu (*Resigned on November 6, 2025*)

Dr. Cheung Wah Keung

Mr. Man Yiu Kwong Nick

AUTHORIZED REPRESENTATIVES

Mr. Pan Zhaolong

Mr. Lam Ho Keung (*Appointed on November 6, 2025*)

COMPANY SECRETARY

Mr. Lam Ho Keung (*Appointed on November 6, 2025*)

STOCK CODE

2078

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 01, 26th Floor
Tower 2, The Millennity
98 How Ming Street
Kwun Tong, Kowloon
Hong Kong

PRODUCTION BASES IN PEOPLE'S REPUBLIC OF CHINA

Long Sheng Industrial Area
No. 6 Long Sheng Road
Wolong District
Nanyang City
Henan Province
PRC

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank Corporation
China Merchants Bank Company Limited
The Hongkong and Shanghai Banking Corporation
Limited

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

Jeffrey Mak Law Firm

WEBSITE

www.palum.com

Financial Highlights

For the year ended
December 31, 2025

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Operating results		
Revenue	359,779	917,179
Gross profit	22,513	164,240
EBITDA	(44,121)	68,760
Profit attributable to owners of the Company	(59,125)	28,081
Financial position (HK\$'000)		
Net assets	688,226	731,900
Net debt	36,200	N/A
Equity attributable to owners of the Company	688,226	731,900
Profit per share attributable to owners of the Company		
Basic and diluted (HK cents per share)	(4.9)	2.3
Key ratios		
Current Ratio	1.21	1.21
Gross Profit Margin	6.3%	17.9%
Gearing Ratio	5.0%	N/A
Debt to Equity Ratio	5.3%	N/A

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors ("**Board**") of PanAsialum Holdings Company Limited ("**Company**") and its subsidiaries (collectively, "**Group**"), it is with great honour that I present the Group's 2025 Annual Report. The year 2025 unfolded against an increasingly complex and volatile global trade backdrop. In such circumstances, resilience, discipline and adaptability became essential.

MACRO ENVIRONMENT AND ECONOMIC CONTEXT

The global economic and trade environment in 2025 remained highly challenging and uncertain. Ongoing geopolitical tensions, the continued escalation of trade disputes and the expanded application of tariffs across key markets further disrupted global supply chains. For the aluminium industry, these developments resulted in increased volatility in export demand, pricing dynamics and customer sourcing strategies, particularly for manufacturers with international exposure. These developments had a direct impact on the Group's operations, including the loss of our largest customer of solar panel products, which resulted in a material decline in turnover during the year.

Domestically, China's economy continued its gradual adjustment and recovery. While policy measures aimed at stabilising growth, supporting infrastructure investment and promoting advanced manufacturing provided underlying support to aluminium demand, overall market conditions remained uneven across regions and sectors, the consumer related sectors being particularly subdued. Demand recovery in traditional industries was slower than anticipated, while competition within the aluminium sector remained intense due to overcapacity in manufacturing.

Against this backdrop, the operating environment was undoubtedly challenging. However, such turbulence has also served as a catalyst for change, compelling the Group to become more agile, disciplined and resilient in the way we operate and plan for the future.

OVERALL FINANCE PERFORMANCE

With the loss of its largest customer and the substantial decrease in revenue, the company is reporting a turnaround from profit to loss. In response to these conditions, management undertook a comprehensive review of the Group's cost structure in both selling expenses and administrative expenses. Through decisive actions, we reduced fixed costs and enhanced operational efficiency and preserved financial flexibility. Thanks to optimising measures on our working capital, the company was still able to generate a substantial level of cashflow from operations which enabled the company to reduce its borrowing and to derive a gearing ratio of 5%, maintaining a conservative capital structure. The Group's financial details are discussed further in the "Management Discussion and Analysis" section of this annual report.

STRATEGIC DIRECTION AND BUSINESS DEVELOPMENT

The disruption caused by trade frictions has reinforced the importance of diversification and adaptability. The Group has a clear and focused strategy going forward, centred on expanding our customer base, strengthening domestic business development, and selectively growing our export presence. In line with this strategy, we continue to advance our China + One approach to mitigate geopolitical and trade-related risks. Thailand, where we established a company in 2024 no longer fits our risk mitigation strategy. We are actively evaluating additional overseas expansion opportunities, including potential mergers and acquisitions that can complement our existing capabilities, broaden our market reach and enhance supply chain resilience. At the same time, we remain committed to deepening relationships with domestic customers and identifying new applications and markets where our technical expertise and product quality provide a competitive advantage. This balanced approach between domestic growth, export development and strategic investment will position the Group for more sustainable and diversified growth over the medium to long term.

ESG, SUSTAINABILITY AND GOVERNANCE

Sustainable development remains a core pillar of PanAsialum's long term strategy and value creation. In 2025, we continued to strengthen our ESG governance framework under the direct oversight of the Board and a Chairman led ESG Committee, ensuring that environmental stewardship, people development and operational excellence are fully embedded into our business decision making. We are firmly committed to supporting national "dual carbon" goals and the United Nations Sustainable Development Goals through concrete actions, including enhancing energy efficiency, improving emissions and waste management, and advancing climate risk management in line with the TCFD framework. At the same time, we place strong emphasis on employee health, safety and development, responsible supply chain management, product quality, and ethical business practices. Looking ahead, we will continue to invest in green technologies, talent development and robust governance systems, while deepening stakeholder engagement, to build a resilient, responsible and future ready enterprise that delivers sustainable value to our shareholders and society.

OUTLOOK AND PROSPECTS

Looking ahead, we expect the global trade environment to remain complex, with tariffs, trade disputes and policy changes continuing to pose challenges in the near to medium term. In addition, the escalation of geopolitical tensions and new conflicts in the Middle East have introduced further uncertainty, particularly in relation to energy prices, logistics costs and supply chain stability, which may exert additional pressure on operating costs and market visibility. Nevertheless, the Board believes that the actions taken during this period of disruption have strengthened the Group's foundation. This environment is accelerating our strategic transformation, driving improvements in technical capability, operational excellence, research and development, and innovation. The Group will continue to adhere to a disciplined approach to capital allocation, carefully balancing growth opportunities with return on investment considerations. While uncertainties remain, we are confident that our clear strategy, prudent cost management and strengthened organisational resilience will enable the Group to navigate challenges and capture opportunities as market conditions evolve.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to our employees for their unwavering commitment and resilience in navigating a challenging year. I also extend my heartfelt thanks to our shareholders, customers and business partners for their continued trust and support. With our collective efforts, we will remain agile and forward looking as we guide PanAsia toward sustainable growth and long term value creation.

Pan Zhaolong

Chairman & Chief Executive Officer

PanAsialum Holdings Company Limited

March 26, 2026

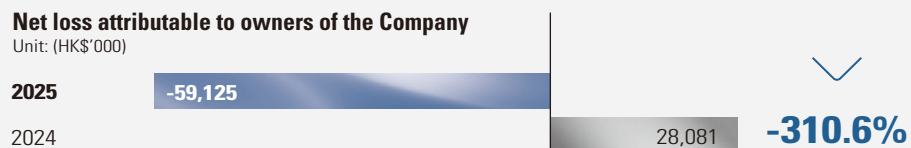
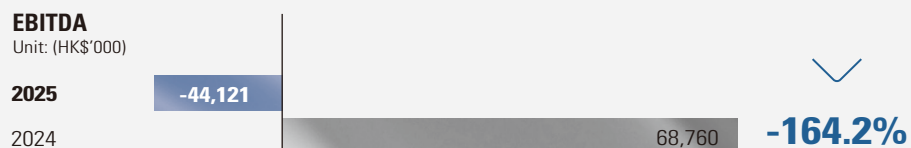
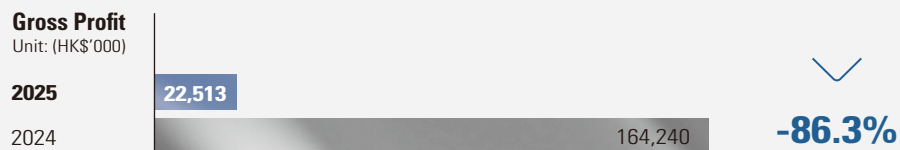
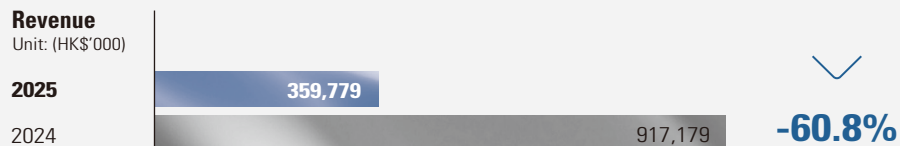
Management Discussion and Analysis

The Group is an aluminium products manufacturer and trader with production plants in the People's Republic of China ("PRC"), making and selling a large and diverse portfolio of high quality products to its customers.

PERFORMANCE OVERVIEW

For the year of 2025, a substantial decrease in revenue was mainly due to the impact of ongoing geopolitical tensions leading to loss of clientele, evolving trade policies, and the slower than expected economic recovery in certain key markets, which have collectively affected customer sentiment and order volumes. The Group has been putting effort to broaden its customer base by, amongst others, geographical diversification, to improve its competitiveness in order to attract more business from its existing customers, and appropriate cost saving measures have been implemented to streamline its cost structure and enhance efficiency.

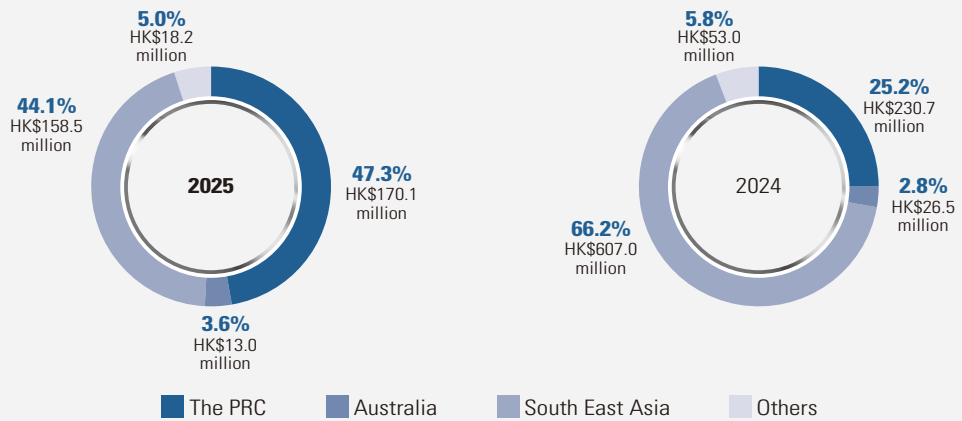
The Group's revenue, gross profit, EBITDA, net profit attributable to owners of the Company for the years ended December 31, 2025 and 2024 together with comparison figures are as follows:



Revenue

The Group operates under a single business segment, the Industrial and Infrastructure Segment, which encompasses a diversified portfolio of products and solutions serving customers across renewable energy, mobility, consumer technology, and industrial applications. These products share common production processes, distribution channels, and customer bases, and are managed under a unified strategic and operational framework. The Group recorded revenue of approximately HK\$359.8 million, representing a decrease of approximately 60.8% as compared to the year ended December 31, 2024. Due to the lower sales volume, which limited cost absorption, the gross profit margin of the Group decreased to approximately 6.3% for the Year (year ended December 31, 2024: approximately 17.9%). The loss attributable to owners of the Company amounted to approximately HK\$59.1 million for the Year as compared with year ended December 31, 2024 profit of HK\$28.1 million, representing a decrease by 310.6%.

The following tables show the breakdown of revenue by geographical location for years ended December 31, 2025 and 2024:



The Group recorded an overall decrease in all geographic locations, primarily Australia and Vietnam, representing a decrease of approximately 51% and 74% for the Year as compared with 2024. The decrease in Australia market was mainly due to the sluggish demand for Industrial Products, while the decrease in the Vietnam was mainly due to the reduced orders of Solar Panels.

Cost of Sales

The Group's cost of sales shrank by 55.2% from approximately HK\$752.9 million for the year ended December 31, 2024 to approximately HK\$337.3 million for the Year. Such decrease was mainly due to the decrease in sales volume.

Gross Profit and Gross Profit Margin

During the Year, the Group's gross profit amounted to approximately HK\$22.5 million (December 31, 2024: approximately HK\$164.2 million) and the overall gross profit margin amounted to approximately 6.3% (December 31, 2024: approximately 17.9%). The decrease of the Group's overall gross profit margin was primarily due to the lower sales volume, which limited cost absorption.

Distribution and Selling Expenses

Distribution and selling expenses decreased to approximately HK\$13.6 million for the Year from approximately HK\$25.7 million for the year ended December 31, 2024, which was primarily contributed by the decrease in transportation costs and sales commission. The drop in transportation costs and sales commission was in line with the decrease in sales.

Administrative Expenses

Administrative expenses mainly comprise research and development costs, salaries and benefit expenses, government levies, depreciation charges and provision for doubtful debts. Administrative expenses decreased to approximately HK\$122.2 million for the Year from approximately HK\$148.0 million for the year ended December 31, 2024, which was primarily due to a decrease in research and development costs and salaries and benefit expenses of approximately HK\$19.3 million and HK\$6.6 million respectively.

Other Income

Other income increased from approximately HK\$4.9 million for the year ended December 31, 2024 to approximately HK\$11.2 million for the Year. Such increase was primarily contributed by the increase in gain from scrap sales, write back of other payables of approximately HK\$3.2 million and HK\$2.9 million respectively.

Other Gains – Net

Other gains increased from approximately HK\$3.4 million for the year ended December 31, 2024 to approximately HK\$3.9 million for the Year. The primary contributor to the increase during the Year was the loss on change of lease modification of approximately HK\$0.6 million offset by gain on deregistration of a subsidiary of approximately HK\$1.1 million.

During the Year, the Group entered into aluminum future contracts in order to manage its exposure to the price risk of aluminium. The gain on settlement of derivative financial instruments – aluminum future contracts was approximately HK\$0.06 million during the year, compared with the gain of approximately HK\$3.2 million for the year ended December 31, 2024.

Finance Income

Finance income decreased from approximately HK\$16.8 million for the year ended December 31, 2024 to approximately HK\$8.0 million for the Year primarily attributable to interest income earned on bank deposits.

Finance Costs

Finance costs amounted to approximately HK\$6.0 million for the Year compared to approximately HK\$9.6 million for the year ended December 31, 2024 primarily attributable to interest expense for bank borrowings.

Income Tax Credit

Income tax credit mainly represented amounts of current tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong and the PRC. During the Year, income tax credit was approximately HK\$47.6 million due to reversal of PRC income tax, compared to approximately HK\$19.2 million for the year ended December 31, 2024, which was due to the over-provision of tax payable in the PRC in respect to previous years.

OUTLOOK AND PROSPECTS

Looking ahead, we expect the global trade environment to remain complex, with tariffs, trade disputes and policy changes continuing to pose challenges in the near to medium term. In addition, the escalation of geopolitical tensions and new conflicts in the Middle East have introduced further uncertainty, particularly in relation to energy prices, logistics costs and supply chain stability, which may exert additional pressure on operating costs and market visibility. Nevertheless, the Board believes that the actions taken during this period of disruption have strengthened the Group's foundation. This environment is accelerating our strategic transformation, driving improvements in technical capability, operational excellence, research and development, and innovation. The Group will continue to adhere to a disciplined approach to capital allocation, carefully balancing growth opportunities with return on investment considerations. While uncertainties remain, we are confident that our clear strategy, prudent cost management and strengthened organisational resilience will enable the Group to navigate challenges and capture opportunities as market conditions evolve.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any other significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

EVENT AFTER REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2025 and up to the date of this report.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly used its internally generated cashflow and borrowings for its capital expenditure and working capital. As at December 31, 2025, the Group's financial position included approximately HK\$59.3 million in cash and cash equivalents, down from approximately HK\$291.0 million as at December 31, 2024, and approximately HK\$123.6 million in pledged bank deposits and time deposits with original maturity over three months, an increase from approximately HK\$112.8 million as at December 31, 2024. Interest-bearing borrowing stood at approximately HK\$95.5 million, a decrease from approximately HK\$251.6 million as at December 31, 2024, with all borrowings denominated in RMB. The reduction in debt levels can be attributed to the Group's strategic improvements in capital allocation and debt restructuring.

BORROWINGS

Particulars of borrowings of the Group as at December 31, 2025 are set out in Note 28 to the consolidated financial statements.

PLEGGED ASSETS

As at December 31, 2025, assets with a total carrying amount of approximately HK\$365.2 million (December 31, 2024: approximately HK\$305.9 million) of the Group were pledged, including property, plant and equipment, right-of-use assets and bank deposits for the Group's borrowings and a standby letter of credit in favour of the lending bank.

SUMMARY OF KEY FINANCIAL RATIOS

	Year ended December 31, 2025	Year ended December 31, 2024
Gross Profit Margin ⁽¹⁾	6.3%	17.9%
Return on Equity ⁽²⁾	(8.6%)	3.8%
Interest Coverage Ratio ⁽³⁾	(16.88)	1.92
	As at December 31, 2025	As at December 31, 2024
Current Ratio ⁽⁴⁾	1.21	1.21
Quick Ratio ⁽⁵⁾	1.29	1.11
Gearing Ratio ⁽⁶⁾	5.0%	N/A
Debt to Equity Ratio ⁽⁷⁾	5.3%	N/A

Notes:

- (1) The calculation of Gross Profit Margin is based on gross profit divided by revenue and multiplied by 100%.
- (2) The calculation of Return on Equity is based on profit attributable to owners of the Company divided by equity attributable to owners of the Company and multiplied by 100%.
- (3) The calculation of Interest Coverage Ratio is based on profit before interest and tax expenses divided by finance costs.
- (4) The calculation of Current Ratio is based on current assets divided by current liabilities.
- (5) The calculation of Quick Ratio is based on current assets less inventories divided by current liabilities.
- (6) The calculation of Gearing Ratio is based on net debt (total borrowings less cash and cash equivalents) divided by sum of total equity and net debt multiplied by 100%.
- (7) The calculation of Debt to Equity Ratio is based on total borrowings less cash and cash equivalents divided by total equity multiplied by 100%.

CAPITAL STRUCTURE

As at December 31, 2025 and December 31, 2024, the Company's issued share capital was HK\$120,000,000, divided into 1,200,000,000 shares of HK\$0.1 each.

FOREIGN EXCHANGE RISK

The Group continued to receive United States Dollar (“**USD**”) and RMB from the sales to major customers during the Year, while most of the Group’s purchases of raw materials were settled in RMB. As RMB is not a freely convertible currency, any fluctuation in exchange rate of USD against RMB may have impact on the Group’s results. Currently, the Group has not entered into any agreements or purchased any instruments to hedge the Group’s exchange rate risks. Any material fluctuation in the exchange rates of USD and RMB may have an impact on the operating results of the Group.

COMMODITY PRICE RISK ON ALUMINIUM

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group’s products. Any change in prices of aluminium could affect the Group’s financial performance. The Group has entered into future contracts traded on the Shanghai Futures Exchange in order to mitigate the risk arising from fluctuation in aluminium price.

The Group recognized a total gain on derivative financial instruments of approximately HK\$0.06 million during the Year (December 31, 2024: total gain of approximately HK\$3.2 million). Management considers the fluctuation on the commodity price of aluminium do not have a significant impact on the Group’s earnings and cash flows in the long run.

CAPITAL COMMITMENTS

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at December 31, 2025 amounted to approximately HK\$20.0 million (December 31, 2024: approximately HK\$16.2 million), which was mainly related to the acquisition of plant and machineries in the PRC.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year 2025 (2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except the future plans as disclosed in the paragraph headed “Outlook and Prospects”, the Group had no other future plans for material investments or capital assets as at December 31, 2025.

CONTINGENT LIABILITIES

As at December 31, 2024 and 2025, the Group had no significant contingent liabilities.

EMPLOYEE INFORMATION AND REMUNERATION POLICIES

As at December 31, 2025, the Group employed approximately 539 staff (December 31, 2024: approximately 721). The Group's remuneration package is determined with reference to the experience and qualifications of the individual employee and general market conditions. The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, provident funds, bonuses and share incentives. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. During the Year, the Group incurred staff costs (including Directors' emoluments) of approximately HK\$76.0 million (year ended December 31, 2024: approximately HK\$86.9 million).

The Directors' fees are subject to shareholders' approval at general meetings every year. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance, their qualifications and experience, the results of the Group and the prevailing market rates.

Biographical Details of Directors and Senior Management

Set out below are the biographical details of the Company's directors and senior management as at the date hereof:

EXECUTIVE DIRECTORS

Mr. Pan Zhaolong – Chairman and Chief Executive Officer

Mr. Pan Zhaolong (“**Mr. Pan**”), aged 33, has been appointed as an executive director, a member of the nomination committee, and an authorised representative of the Company, with effect from August 6, 2020. Mr. Pan has also been appointed as the chairman of the environmental, social and governance committee and the chief executive officer of the Company on February 10, 2021 and September 15, 2021, respectively. He has been appointed as the Chairman since July 1, 2022. Mr. Pan oversees the daily operations as the general manager of a major subsidiary and is a director of certain subsidiaries of the Company.

Growing up within the Company, Mr. Pan has always been invested and involved in the business. He thus has a holistic understanding of the manufacturing sector, where he has been formally working since 2011. He started his career with Foxconn Technology Co., Ltd. in 2011, and founded TySr Industrial Company Limited in November 2012. Mr. Pan was also the managing director of said company from July 2014 to April 2015. From August 2017 to June 2018, Mr. Pan took a sabbatical to study Art History at Tsinghua University before pursuing humanitarian work as a First Responder in Amman, Jordan from July 2018 to February 2020. Mr. Pan graduated from Harrow School, London, in 2010.

NON-EXECUTIVE DIRECTOR

Ms. Lam Yuen Man Maria

Ms. Lam Yuen Man Maria (“**Ms Lam**”), aged 56, was appointed as a non-executive director of the Company with effect from July 1, 2024. She has also been appointed as the member of the nomination committee of the Company since July 1, 2025. She is currently an independent non-executive director of Century Group International Holdings Limited (stock code: 2113), the shares of which are listed on the Main Board of the Exchange and Zhejiang United Investment Holdings Group Limited (stock code: 8366), the shares of which are listed on GEM of the Exchange. She is also a company secretary and an authorised representative of a Hong Kong listed company.

Ms. Lam was an independent non-executive director of China Come Ride New Energy Group Limited (stock code: 8039) and Wuxi Life International Holdings Group Limited (stock code: 8148) from October 2022 to January 2024 and September 2020 to September 2025 respectively, the shares of which are listed on GEM of the Exchange.

Ms. Lam holds a bachelor degree in Accountancy from The Hong Kong Polytechnic University, a master degree in Management from the Macquarie University and a master degree in Applied Psychology from City University of Hong Kong. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Chartered Governance Institute, the Chartered Governance Institute and the Chartered Institute of Arbitrators. She is also an accredited mediator of the Hong Kong Mediation Accreditation Association Limited, a member and a qualified graphologist of the British Institute of Graphologists and a member of Scientific Association of Forensic Examiners.

Prior to joining the Board, Ms. Lam has worked with an international accounting firm and other leading listed and private group of companies and has extensive experience in company secretarial practice, assurance, treasury and finance. She is currently providing management consultancy and corporate secretarial services to listed issuers and private companies, graphology consultancy and training services and forensic handwriting examination.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Cheung Wah Keung

Dr. Cheung Wah Keung ("**Dr. Cheung**"), aged 65, was appointed as an independent non-executive director and chairman of the remuneration committee of the Company since March 22, 2018, and the member of the environmental, social and governance committee of the Company since February 10, 2021. He was the Independent Non-executive Chairman from August 2, 2019 to July 1, 2022. He was also a member of the audit committee and the nomination committee of the Company from March 22, 2018 to February 10, 2021, and again from June 28, 2021 and May 18, 2022 respectively.

Dr. Cheung is currently the chairman of each of Shinhint Group and Tai Sing Industrial Company Limited. He has more than 30 years of experience in trading and manufacturing of consumer electronic products. He is currently an independent non-executive director of Casablanca Group Limited (stock code: 2223) since May 2017; Activation Group Holdings Limited (stock code: 9919) since December 2019 and Sinomax Group Limited (stock code: 1418) since June 2023, respectively. He was also the independent non-executive director of Sky Light Holdings Limited (stock code: 3882) during the period from June 2015 to February 2023. The shares of above companies with stock code indicated are listed on the Exchange.

Dr. Cheung holds a bachelor's degree in business administration, a master's degree in global political economy from The Chinese University of Hong Kong and a master's degree in corporate governance, and a doctorate degree in business administration from The Hong Kong Polytechnic University. He was awarded by the Federation of Hong Kong Industries as "Young Industrialist of Hong Kong" in 2005 and "Certificates of Merit in Directorship" by the Hong Kong Institutes of Directors in 2006. He has taken up a variety of roles, including the president of the Hong Kong Young Industrialists Council from 2015 to 2016, the chairman of the Advisory Board for Master of Corporate Governance of The Hong Kong Polytechnic University and a committee member of the Council of The Hang Seng University of Hong Kong.

Mr. Chan Kai Nang

Mr. Chan Kai Nang ("**Mr. Chan**"), aged 80, has been appointed as an independent non-executive Director, a member of both the audit committee, the nomination committee and remuneration committee of the Company on January 1, 2020. Mr. Chan was also an independent non-executive director of the Company from February 24, 2017 to January 24, 2018. Mr. Chan holds a Postgraduate Diploma in Management Studies from The University of Hong Kong and a Bachelor's degree of Laws from the University of London. Mr. Chan also completed the Stanford Executive Program of the Graduate Business School of Stanford University and the Senior Transport Management Programme from the Ashridge Centre for Transport Management. Mr. Chan is an associate member of the Chartered Institute of Management Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Certified Accountants. During the past 47 years, Mr. Chan worked as senior executive in major multinational and local corporations engaged in different industries, ranging from textile, toys, electronics, and electrical manufacturing, transportation, property developments and hotel operations, as well as construction materials manufacturing (including cement and steel slake).

Mr. Chan is currently an independent non-executive director of Soundwill Holdings Limited (stock code: 878), a position he has been taking since March 2009 and Burwill Holdings Limited (stock code: 24), a position he has been taking since September 2020.

Mr. Man Yiu Kwong Nick

Mr. Man Yiu Kwong Nick (“**Mr. Man**”), aged 56, has been appointed as the independent non-executive Director, a member of each of the audit committee, nomination committee, remuneration committee and the environmental, social and governance committee of the Company since November 1, 2022. Mr. Man has then been re-designated as the chairman of the Audit Committee and the Nomination Committee with effect from April 1, 2023. Mr. Man is currently the independent non-executive director of Global International Credit Group Limited (stock code: 1669), a company listed on the Main Board of the Exchange, since January 1, 2016. Mr. Man has over 20 years of experience in the corporate finance field. Mr. Man obtained a Bachelor’s Degree of Business Administration from Simon Fraser University, Canada in October 1993. He has been an associate member of Hong Kong Institute of Certified Public Accountants since January 2000 and a fellow member of the Association of Chartered Certified Accountants since September 2003.

SENIOR MANAGEMENT TEAM

Mr. Jiang Heyun

Mr. Jiang Heyun (“**Mr. Jiang**”), aged 49, joined the Group in 2012. Mr. Jiang is currently the director and project director of PanAsia Enterprises (Nanyang) Company Limited and PanAsia Aluminum (Shenzhen) Limited respectively, subsidiaries of the Group. Mr. Jiang has been an added value over the past ten years, providing the Company with sound technical expertise and valuable field experience in manufacturing. His work has always been in line with the Company’s core values and helped it to thrive further.

Prior to joining the Group, Mr. Jiang worked as the Quality Manager of various notebook projects at Foxconn Technology Group, from 2008 to 2012, chiefly responsible for the quality management of the electronic products. He also worked as the Quality Section Head and Quality Engineer in the CCPBG product business group, from 2000 to 2012.

Mr. Jiang graduated from the Hunan Textile College, specializing in textile engineering.

Mr. Li Yutao

Mr. Li Yutao (“**Mr. Li**”), aged 44, joined the Group in 2012. Mr. Li is currently the Deputy General Manager, Deputy Factory Manager and Legal Representative of PanAsia Enterprises (Nanyang) Company Limited, a subsidiary of the Group. Mr. Li has demonstrated his added value for the Company, of which he holds a full understanding.

Prior to joining the Group, Mr. Li worked as the Head of the Planning Section of Foxconn, from March 2006 to June 2012. He was also responsible for the production coordination work of the CNB business office of the CCPBG business group. Mr. Li graduated from Kaifeng University.

This report is presented by the board ("**Board**") of directors ("**Director(s)**") of the Company comprising, Mr. Pan Zhaolong, Ms. Lam Yuen Man Maria, Dr. Cheung Wah Keung, Mr. Chan Kai Nang and Mr. Man Yiu Kwong Nick based on the information available to them for the year ended December 31, 2025 ("**Year**").

GENERAL INFORMATION

The Group is principally engaged in the manufacturing and trading of aluminium products. The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in Note 17 to the consolidated financial statements.

BUSINESS REVIEW AND PERFORMANCE

The business review for the Company during the Year is set out in the section headed "Management Discussion and Analysis" on pages 6 to 12 of this report.

ENVIRONMENTAL PERFORMANCE

The Company is committed to building its own brand by way of sustainable development. The Company is very concerned about the environmental impact of emissions generated from operations and is committed to the implementation of environmental protection measures. With the implementation of the "Emission and Control Procedure for Waste Water, Exhaust Gas and Noise Pollution" by Nanyang plant, impacts on the environment are reduced as waste water, exhaust gas and noise generated during the process of operation are put under control.

Apart from it, the Company also developed the "Control Procedures for the Disposal of Hazardous Wastes" for the control of environmental pollution resulted from disposed wastes, "Control System for Energy Saving and Emission Reduction" according to relevant laws and regulations of the PRC in respect of energy saving, and "Control Procedures for Non-compliance of Environmental Safety", which differentiates different types of environmental safety incidents, and clearly defines the management process. The Company strives to explore the business models of sustainable development, integrate environmental management and social care into its business decisions.

For details, please refer to the Environmental, Social and Governance Report 2025 of the Company in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with relevant requirements could lead to adverse impact on business operation and financial position of the Company.

The Company's operations are mainly carried out by the Company's subsidiaries in Hong Kong and the PRC while the Company itself was incorporated in Cayman Islands and listed on The Stock Exchange of Hong Kong Limited ("**Exchange**") in Hong Kong. The Company's establishment and operations accordingly shall comply with relevant laws and regulations in Hong Kong, Cayman Islands and the PRC. The Board as a whole is responsible to ensure the Company is in compliance with relevant laws and regulations that have a significant impact on the Company.

During the course of the business operations, the Company shall comply with different laws and regulations, including, but not limited to, (i) laws regarding employee recruitment and benefits, such as the "Labor Law of the PRC", the "Labor Contract Law of the PRC", and the "Rulings of Implementing the Labor Contract Law of the PRC"; and (ii) the PRC national and local laws and regulations with respect to environmental protection, including the Environmental Protection Law of the PRC. For the Year, the Company was in strict compliance with these said laws and regulations.

KEY RELATIONSHIPS WITH STAKEHOLDERS

1. Employees

Human resources are the most valuable asset of the Company. Developing and retaining talents are vital to the Group's success. The Company is committed to providing employees with a safe, pleasant and healthy working environment. The Company rewards and recognizes employees by competitive remuneration package, implements a key performance index evaluation program with appropriate incentives, and promotes career development by providing opportunities for career advancement to employees. In addition, each department of the Company is responsible for determining its training needs for employees and workers in its department and any suggested applicable training courses either arranged internally or by external service providers shall be submitted to the senior management of the Company for approval. Knowledge, skills and capacities of employees are vital to continuous improvement, business growth and success of the Company. The Company strives to ensure that all employees can fulfill as well as enhance the relevant job qualifications in terms of education, training, technical and work experience.

2. Suppliers

The Group has developed long term relationships with various vendors and ensures that they share the Group's value and commitment to quality, ethics and environment. Suppliers are selected carefully and are required to satisfy certain assessment criteria, including track record, experience, financial strength, reputation, ability to produce high-quality products, quality control effectiveness and environmental issues.

3. Distributors and Customers

The Group sells products to distributors and customers. Distributors and customers are required to comply with the relevant laws and regulations, credit policy, as well as the Group's sales and marketing policies, including but not limited to selling price, promotional activities and use of the Group's ordering system. The Group also monitors the financial condition as well as repayment capability and timeliness of the distributors and customers, and their sales performance.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to various risks and uncertainties which are disclosed in Note 3 to the consolidated financial statements of this report. The effects of such risks may vary over time. The following paragraphs set forth material risks classified by the Company and the relevant alleviating measures for each material risk for the management of such risks.

Business Risk

Most of the Group's revenue was generated from customers in the PRC and South East Asia. Should there be any material adverse change in the political, economic, legal or social conditions in the PRC and South East Asia and the Group is unable to divert sales to other markets outside of the PRC and South East Asia, the turnover, profitability and prospects may be adversely affected. In order to alleviate such risk, the Group will put efforts to expand overseas market and increase the proportion of overseas sales. During the Year, the Group has continued to export sales to the United Kingdom and North America, etc. The Group will also continue to review competitive edges of the Group in the industry and the market trend. The Group also acknowledges that the overall performance of the Group's sales is inherently subject to risks associated with international trade and global economic conditions. The influence of surging inflation, rising interest rates, intensified market competition and the occurrence of similar events may result in a decrease in demand for the Group's products and a reduction of the Group's revenue.

The Company's production activities of aluminium profiles rely on, among other things, sufficient and uninterrupted supply of aluminium ingots, being the principal raw materials. The Company procures such principal raw materials from several major suppliers and does not have any long-term purchase contracts with those major suppliers. In order to alleviate such business risk, the Company will conduct review and assessment on the Company's suppliers periodically to ensure stable supply source of raw materials. The Group will also consider to enter into long-term purchase contracts with them which is able to provide the Group with flexibility in purchasing principal raw materials such as aluminium ingots at competitive prices at various times. The outbreak of any severe communicable disease, such as the COVID-19 pandemic in 2022, if uncontrolled, could have an adverse effect on the operations, the overall business sentiments and the environment in the PRC and South East Asia, which in turn could have an adverse impact on the domestic and international consumption and, possibly, the overall business growth of the Group.

Financial Risks

Delinquent payments of customers who were granted credit terms by the Company will increase the Company's exposure to financial risks and have impacts on the financial performance and operating cash flows of the Company. In order to alleviate such risk, the Company has conducted regular review of accounts receivable due from all customers to control the outstanding amounts and ageing. The Company will also continue to manage and maintain strict control internally and devote additional efforts in collecting overdue trade receivables on a timely basis.

Cyber Security Risk

During the Year, the Company obtained the foundation for implementing phase-by-phase cyber risk vulnerability controls management and evaluation objectives with reference to CoBit by Information Systems Audit and Control Association (ISACA). The cyber security plan includes, but not limited to, enhancing the following: (1) training and staff development; (2) secure wireless networks; (3) keep software updated; (4) access control management; (5) boundary defence; and (6) backup and recovery of data.

The Company has internal control on data-fraud. The Company always values the importance of the internal control systems, and has been taking into account certain critical aspects of organizational governance, business ethics, fraud and financial reporting established by the internal audit in their audit planning and objectives when assessing the effectiveness of internal controls. Such systems are designed to manage rather than eliminate the risk of fraud or failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Environmental and Social Risks

The environmental and social risks encountered by the Group include, amongst others, those arising from whether safety and environmental protection standards are met by the production of the products, management of human resources, sales, supply chains and information system, insufficient innovation, inspection and verification of technologies and products. In view of the above risks, the Group has focused on the control and monitoring of dust, high temperature and chemical hazard, discharged sewage according to the total amount and concentration allowed under the pollutant discharge license, formulated the status-quo assessment on energy conservation and emission reduction as well as medium and long term planning, timely updated the staff handbook and implemented applicable labor laws and regulations, introduced advanced technologies and talents, and solved the innovation problems through technological exchange and cooperation. Meanwhile, the Group strives to inspect regularly and maintain the facilities of the information system and provide staff training.

Legal Risks

The legal risks encountered by the Group include, amongst others, those arising from the physical or existing default operations, legal disputes, default behaviours, intellectual property and human rights protection. In view of the above risks, the Group has implemented the measures such as the contracts review and approval procedure with the routine support of the general legal advisor and regular third-party audit to monitor the compliance so as to mitigate the impact of such risks on the Group.

DIVIDEND POLICY

The amount of dividend actually distributed to the shareholders of the Company ("**Shareholder(s)**") will depend upon the earnings and financial condition, operating requirements, capital requirements and any other conditions that the Directors may deem relevant and will be subject to the approval of the Shareholders.

The payment of dividends by the Company is also subject to the requirements of the Cayman Islands law and the articles of association of the Company ("**Articles of Association**").

RESULTS AND DISTRIBUTION

No interim dividend was declared for the six months ended June 30, 2025 (six months ended June 30, 2024: Nil) and the Board does not recommend payment of a final dividend in respect of the Year (year ended December 31, 2024: Nil).

There is no arrangement pursuant to which a Shareholder has waived or agreed to waive any dividends.

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on pages 74 to 75 of this report.

FINANCIAL STATEMENTS

The statements of the results, assets and liabilities of the Group for the last five financial years/period are set out on page 132 of this report. This summary does not form part of the audited consolidated financial statements to the Group.

RESERVES

Movements in the reserves of the Group during the Year are set out on page 78 of this report.

DISTRIBUTABLE RESERVES

As at December 31, 2025 and 2024, the Company had no retained profit available for distribution to shareholders of the Company. However, in accordance with the laws of the Cayman Islands and the Articles of Association, the share premium account of HK\$1,001,287,000 is, subject to solvency test, available for distribution to Shareholders.

SHARE CAPITAL

Changes in share capital of the Company for the Year and as at that date are set out in Note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SHARE OPTION SCHEME

The Company's share option scheme expired on January 18, 2023 (the "**Share Option Scheme**"). Particulars of the which are set out in Note 25 to the consolidated financial statements.

Following the expiry of the Share Option Scheme, as at January 1, 2025 and December 31, 2025, no options were available for grant under the Scheme Mandate Limit. Despite the fact that no further options may be granted under the Share Option Scheme, all other provisions shall remain in force to govern all the outstanding options previously granted until the end of the respective exercise periods.

As at the date hereof, no outstanding number of option is available for issuance under the Share Option Scheme, being the only share scheme (as defined in Chapter 17 of the Listing Rules) of the Company.

Details of the share options movements during the Year under the Share Option Scheme are as follows:

Name or category of grantee	Date of grant of share options	Exercise price (HKD)	Exercise period	Balance as at January 1, 2025	Number of share options					Balance as at December 31, 2025
					Granted during the Year	Exercised during the Year	Vested during the Year	Lapsed during the Year	Cancelled during the Year	
Directors										
Dr. Cheung Wah Keung	23/12/2019	0.396	23/12/2019 – <i>(Note 1) 22/12/2029 (Note 2)</i>	1,200,000	-	-	-	-	-	1,200,000
Mr. Chan Kai Nang	23/12/2019	0.396	23/12/2019 – <i>(Note 1) 22/12/2029 (Note 2)</i>	1,200,000	-	-	-	-	-	1,200,000
Other Participants										
Employees	23/12/2019	0.396	23/12/2019 – <i>(Note 1) 22/12/2029 (Note 2)</i>	8,032,000	-	-	-	(1,720,000)	-	6,312,000
Service providers <i>(Note 3)</i>	23/12/2019	0.396	23/12/2019 – <i>(Note 1) 22/12/2029 (Note 2)</i>	10,800,000	-	-	-	-	-	10,800,000
Total				21,232,000	-	-	-	(1,720,000)	-	19,512,000

Notes:

- * Save as disclosed herein, there are no other Directors, chief executive or substantial shareholders of the Company, or their respective associates that have been granted share options pursuant to the Share Option Scheme.
 - ** No participants were granted options in excess of the 1% individual limit pursuant to the Share Option Scheme.
 - *** No related entity participant or service provider were granted options exceeding 0.1% of the number of shares in issue in any 12-month period pursuant to the Share Option Scheme.
1. The closing price of the Shares immediately before December 23, 2019, on which those options were granted, was HK\$0.38.
 2. The share options are exercisable for a period of 10 years from the date of grant, subject to the vesting period as follows: (i) 60% of the share options be vested on the date of grant; and (ii) 40% of the share options be vested on the first anniversary of the date of grant.
 3. The share options were granted to a sales and marketing relations consultant appointed on July 1, 2019. The rationale for such grant was to serve as the consideration of the services provided by the consultants.

SHARE AWARD SCHEME

The Company adopted a share award scheme ("**Share Award Scheme**") on March 3, 2014 ("**Adoption Date**"), which was amended on March 1, 2024 ("**Amendment Date**") to extend the term of the Share Award Scheme for 10 years commencing on the Amendment Date and ending on the tenth (10th) anniversary of the Amendment Date.

Purpose

The purpose of the Share Award Scheme are:

1. to recognize the contributions by certain employee of the Company (including without limitation any executive Director) or of any member of the Group (the "**Employee(s)**") and to give incentives thereto in order to retain them for the continual operation and development of the Group as part of talent retention programme of the Group; and
2. to attract suitable personnel for further development of the Group.

Participants

The Board may, from time to time, at their absolute discretion select any Employee (whether full time or part time who, in the sole opinion of the Board, will contribute or have contributed to any member of the Group ("**Eligible Employee(s)**") for participation in the Share Award Scheme as a selected employee for the award of Shares ("**Awarded Shares**") under the Share Award Scheme.

Scheme Mandate

The maximum number of Shares to be purchased by the trustee shall not exceed five per cent. (5%) of the issued share capital of the Company as at the Amendment Date, i.e. 60,000,000 Shares (the "**Scheme Limit**") throughout the term of the Share Award Scheme. The Board shall not instruct the Trustee to purchase any Shares for the purpose of the Share Award Scheme when such purchase will result in the Scheme Limit being exceeded. The Scheme Limit represents 5.0% of the issued Shares as at the date of this Annual Report.

Maximum Entitlement of Each Participant

There is no maximum entitlement of each Eligible Employee under the Share Award Scheme. Where any grant of awards to a Eligible Employee(s) would result in the number of Shares subject to the awards granted under the Share Award Scheme to such person in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued Shares as at the Amendment Date, such grant shall be approved by the Remuneration Committee.

Exercise Period

As the Share Award Scheme is a share award scheme of the Company instead of a share option scheme, the awards granted under the Share Award Scheme are not subject to any exercise period nor are the Eligible Employees entitled to any exercise rights.

Vesting Period

The Board may, at its absolute discretion, determine the terms and conditions of an award (if any), including the vesting date, any performance target or any other conditions, whether restrictive or not, to a selected Employee as vesting conditions.

Acceptance Price

No price is payable by the Eligible Employees upon acceptance of Awarded Shares granted under the Share Award Scheme.

Purchase Price

While the Board may, at its absolute discretion, determine the terms and conditions of an award, the selected Employees shall generally not be required to pay any purchase price upon vesting of the Awarded Shares.

Term

Subject to any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Amendment Date.

Movement and Position

The number of awards that are available for grant under the Scheme Limit as at the beginning of the Year was 54,619,000 Shares and as at the end of the Year was 54,619,000 Shares.

There were no unvested Awarded Shares under the Share Award Scheme as at January 1, 2025 and December 31, 2025.

No award was granted under the Share Award Scheme during the Year. No award was vested, cancelled or lapsed under the Share Award Scheme during the Year.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the percentage of revenue attributable to the Group's five largest customers comprised approximately 82% of the Group's total revenue and the percentage of revenue attributable to the Group's largest customer were approximately 44% of the Group's total sales. The aggregate purchases during the Year attributable to the Group's five largest suppliers were approximately 78% of the Group's cost of sales and the purchases attributable to the Group's largest supplier were approximately 23% of the Group's cost of sales.

Based on the confirmations received from certain Directors who were in their positions during the Year and to the best knowledge of the Company, none of the Directors, nor any of their close associates or any Shareholders which, to the knowledge of the Directors, own more than 5% of the Company's issued Shares had any interest in the five largest customers and suppliers of the Group.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group held property, plant and equipment of approximately HK\$317.2 million. Details of the movements are set out in Note 15 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company and any of its subsidiaries have not redeemed any of its listed securities during the Year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities (including treasury shares) during the Year.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme as set out under the heading "Share Option Scheme" on pages 20 to 21 of this report, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company or subsisting during the Year.

DIRECTORS

The Directors in office during the Year are set out as below:

Name of Directors	Length of Tenure	Current Period of Appointment
Executive Directors		
Mr. Pan Zhaolong (<i>Chairman and Chief Executive Officer</i>)	5.5	3
Mr. Ho Pak Yiu (<i>Resigned on November 6, 2025</i>)	N/A	N/A
Non-executive Director		
Ms. Lam Yuen Man Maria	1.5	2
Independent non-executive Directors		
Dr. Cheung Wah Keung	8	2
Mr. Chan Kai Nang	6	2
Mr. Man Yiu Kwong Nick	3.5	2

BOARD COMMITTEES

Audit Committee

Mr. Man Yiu Kwong Nick (*Chairman*)
Dr. Cheung Wah Keung
Mr. Chan Kai Nang

Remuneration Committee

Dr. Cheung Wah Keung (*Chairman*)
Mr. Chan Kai Nang
Mr. Man Yiu Kwong Nick

Nomination Committee

Mr. Man Yiu Kwong Nick (*Chairman*)
Mr. Pan Zhaolong
Mr. Ho Pak Yiu (*Resigned as a member of the Nomination Committee on July 1, 2025 and as an executive Director on November 6, 2025*)
Ms. Lam Yuen Man Maria (*Appointed on July 1, 2025*)
Mr. Chan Kai Nang
Dr. Cheung Wah Keung

Environmental, Social and Governance Committee

Mr. Pan Zhaolong (*Chairman*)
Mr. Ho Pak Yiu (*Resigned on November 6, 2025*)
Dr. Cheung Wah Keung
Mr. Man Yiu Kwong Nick

Mr. Ho Pak Yiu resigned as an executive Director, the chief financial officer and company secretary of the Company to pursue other endeavors.

DIRECTORS' SERVICE CONTRACTS

Pursuant to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his or her appointment and be subject to re-election at such meeting and any Director appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 84 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and being eligible, offer themselves for re-election at each annual general meeting, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Mr. Pan Zhaolong, the Chairman and executive Director, has entered into a service contract with the Company for a term of 3 years commencing from August 6, 2023.

Ms. Lam, a non-executive Director, has entered into a letter of appointment with the Company for an initial term of 2 years commencing from July 1, 2024 to June 30, 2026.

Mr. Chan Kai Nang, and Dr. Cheung Wah Keung, the independent non-executive Directors, have each entered into a letter of appointment with the Company for a term of 2 years commencing from April 1, 2025 to March 31, 2027. Mr. Man Yiu Kwong Nick, the independent non-executive Director, has entered into a letter of appointment with the Company for a term of 2 years commencing from November 1, 2024 to October 31, 2026.

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the relevant statutes, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or which may attach thereto.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

To the best knowledge of the Company and with the information available to the Company, there was (i) no transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director or an entity connected with him/her had a material interest, whether directly or indirectly, and subsisted at the end of the Year or at any time during the Year; and (ii) any contract of significance (including those for the provision of service) between the listed issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries, save as disclosed under the paragraph headed "Significant Investment, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures" in the section headed "Management Discussion and Analysis" on page 9 of this report.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the headings "Share Option Scheme" and "Share Award Scheme" on pages 20 to 23 of this report, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CHANGES OF DIRECTOR'S INFORMATION

Below are the changes in the information of Directors during the Year and up to the date hereof that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

With effect from December 17, 2025, the director fee of Ms. Lam Yuen Man Maria, a non-executive Director, has been adjusted to HK\$20,000 per month.

Except as set out hereof, there is no other change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MANAGEMENT CONTRACTS

During the Year, to the best knowledge of the Company and with the information available to the Company, no contracts, other than a contract of service with any Director or any person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

CHARITABLE DONATIONS

During the Year, the charitable donations by the Group were RMB9,000 (2024: RMB23,000).

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2025, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 of the Listing Rules (“Model Code”), are as follows:

Long Position in the Shares

Name of Director	Nature of interest	Number of ordinary shares	Number of underlying shares held pursuant to share options (Note 1)	Percentage of the issued shares of the Company (Note 3)
Mr. Pan Zhaolong	Other (Note 2)	900,000,000	–	75%
Dr. Cheung Wah Keung	Beneficial owner	–	1,200,000	0.10%
Mr. Chan Kai Nang	Beneficial owner	–	1,200,000	0.10%

Notes:

- Details of share options held by Directors are set out in the section headed “Share Option Scheme” on pages 20 to 21 of this report.
- Easy Star Holdings Limited is the registered holder of the 900,000,000 shares of the Company. Easy Star Holdings Limited is wholly-owned by Marina Star Limited. The entire issued share capital of Marina Star Limited became owned by Genesis Trust & Corporate Services Ltd. with effect from September 29, 2021 as trustee for The Pan Family Trust, a discretionary trust under which Mr. Pan Zhaolong, the Chairman, executive director and chief executive officer of the Company, is a nominated beneficiary.
- The percentage represents the number of Shares interested divided by the number of the issued Shares as at December 31, 2025 (i.e. 1,200,000,000 Shares).

Save as disclosed above, as at December 31, 2025, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at December 31, 2025, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Position in the Shares

Name	Capacity	Number of Shares	Approximate Percentage of Shareholding
Easy Star Holdings Limited ("Easy Star") <i>(Note)</i>	Beneficial owner	900,000,000	75%
Marina Star Limited <i>(Note)</i>	Interest in controlled corporation	900,000,000	75%
Genesis Trust & Corporate Services Ltd. <i>(Note)</i>	Trustee	900,000,000	75%

Note: Easy Star was the registered holder of the 900,000,000 Shares. Easy Star was wholly-owned by Marina Star Limited. The entire issued Shares of Marina Star Limited was owned by Genesis Trust & Corporate Services Ltd. as trustee for The Pan Family Trust. The Pan Family Trust was a discretionary trust. Mr. Pan Zhaolong, the Chairman, executive Director and chief executive officer, is a nominated beneficiary under The Pan Family Trust.

Save as disclosed above, as at December 31, 2025, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available publicly to the Company and to the knowledge of the Directors, the Company maintained a sufficient public float as required under the Listing Rules as at the date hereof.

CORPORATE GOVERNANCE

Please refer to the Corporate Governance Report of the Company in this report for the Year.

DISCLOSURE UNDER RULES 13.20, 13.21 and 13.22 OF THE LISTING RULES

The Directors were not aware of any circumstances resulting in the responsibility of disclosure under Rules 13.20, 13.21 and 13.22 of the Listing Rules regarding the provision of advances by the Company to an entity, financial assistance and guarantees to affiliated companies, pledging of shares by the controlling shareholder, loan agreements with covenants relating to specific performance of the controlling shareholder and breach of loan agreement.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Company, it was not aware of any business or interest of the Directors nor the controlling Shareholder nor any of their respective associates that compete or is likely to compete, either directly or indirectly, with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the Year.

CONNECTED TRANSACTIONS

During the Year, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules, which are required to comply with any of the reporting, announcement, annual review or independent Shareholders' approval requirements under the Listing Rules.

RELATED PARTY TRANSACTIONS

The related party transactions of the Group are disclosed in Note 32 to the consolidated financial statements. These related party transactions fall under the definition of connected transaction or continuing connected transaction pursuant to Chapter 14A of the Listing Rules. Such transactions are exempt connected transactions and the Company has therefore complied with the disclosure requirements under Chapter 14A of the Listing Rules.

EMPLOYEE AND REMUNERATION POLICIES

As of December 31, 2025, the Group had an aggregate of approximately 539 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to corporate performance, individual performance and current market salary scale. The Group also operated the mandatory provident fund scheme for its Hong Kong staff and participates in the employee social security plan as required by the regulations in the PRC.

TAXATION

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. Shareholders are urged to consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of the Company's Shares.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three members who are the independent non-executive Directors, namely Mr. Man Yiu Kwong Nick, Dr. Cheung Wah Keung, and Mr. Chan Kai Nang.

The Audit Committee and the management have reviewed the accounting principles and practices adopted by the Group, as well as the audited consolidated financial statements for the Year and has recommended their adoption to the Board.

AUDITOR

The consolidated financial statements for the year ended December 31, 2025 were audited by BDO Limited, who will retire and, being eligible, offer themselves for re-appointment upon conclusion of the forthcoming annual general meeting of the Company. A resolution for the re-appointment of BDO Limited as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company. There has been no change in auditor of the Company in the preceding three years.

By order of the Board

Pan Zhaolong

Chairman and Executive Director

Hong Kong, March 26, 2026

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance and the Board considers that effective corporate governance is an essential factor to corporate success and to enhance the shareholders' value. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance and alignment with the latest developments of Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules.

The Group has applied the principles and complied with the code provisions of the CG Code throughout the Year with the exception of the following deviation:

Code Provision C.2.1

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Since July 1, 2022, the chairman and chief executive officer of the Company are performed by same individual, Mr. Pan Zhaolong. The Board would meet regularly to consider major matters affecting the operations of the Company. It is considered that this structure would not impair the balance of power and authority between the Directors and the management of the Company and believe that the current structure would enable the Group to make and implement decisions promptly and efficiently. However, going forward, the Board will review from time to time the need to separate the roles of the chairman and the chief executive officer if the situation warrants it.

THE BOARD OF DIRECTORS

As at the date hereof, the Board comprised five Directors, including one executive Director, namely Mr. Pan Zhaolong as the Chairman and chief executive officer of the Company ("**CEO**"), one non-executive Director, Ms. Lam Yuen Man Maria, and three independent non-executive Directors, namely Mr. Chan Kai Nang, Dr. Cheung Wah Keung and Mr. Man Yiu Kwong Nick. Biographical details of the Directors are shown on pages 13 to 15 of this report and set out on the website of the Company.

Responsibilities

The Board is responsible for overseeing the overall development of the Company's business with the objective of enhancing the value of the Shareholders including setting and approving the Company's strategic implementation, considering substantial investments, reviewing the Group's financial performance and developing and reviewing the Group's policies and practices on corporate governance.

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Delegation by the Board

The Board undertakes the responsibility for decision making in major matters of the Company, with the day-to-day management delegated to the CEO and senior management. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, for discharge of their duties.

Directors' Securities Transaction

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Exchange**") ("**Listing Rules**") as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry, all Directors confirmed that they had complied with the Model Code provisions during the Year.

Relationship with Directors

During the Year and up to the date hereof, to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among members of the Board and the senior management.

Independence Confirmation

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and has duly reviewed the confirmation of independence of each of the independent non-executive Directors. The Company considered all the independent non-executive Directors to be independent.

Board Independence Evaluation Mechanism

The Company has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board with attention to ensuring that it remains independent in judgment, and continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management. A summary of the mechanism is set out below:

- (a) Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive directors, for appointment as Directors. Nomination Policy is in place with details of the process and criteria of identifying, selecting, recommending, cultivating and integrating new directorship.
- (b) The Nomination Committee will assess annually the independence of all INEDs and to affirm if each of them still satisfies the criteria of independence as set out in the Listing Rules and is free from any relationships and circumstances which are likely to affect, or could appear to affect, their independent judgment. Every Nomination Committee member should abstain from assessing his/her own independence.
- (c) A mechanism is in place for Directors to seek independent professional advice in performing their duties at the Company's expense.
- (d) Directors are encouraged to access and consult with the Company's senior management independently, if necessary.
- (e) The Board Independence Evaluation may take in the form of a questionnaire to all Directors individually and may be supplemented by individual interview with each Director, if necessary, and/or in any other manners which the Board considers fit and necessary.

The Board has reviewed the implementation of and was satisfied with the effectiveness of the above mechanisms to ensure independent views and input in the Year.

Board Performance Evaluation

The Boards conduct regular evaluation of their performance to ensure good corporate governance and board effectiveness. The Board evaluation was conducted internally in the form of an interview with senior management to provide his/her views on the performance of the Boards and the board committees and any suggestions for improving the board process. The scope of the evaluation focused on the composition and diversity, as well as effectiveness of the performance, of the Board and the Board Committees, and the evaluation results are presented to the Boards for review and discussion.

Subsequent to the financial year end, the Boards conducted an evaluation of their performance for the Year in the manner described above, and the results were reviewed at the Boards meeting held in March 2026. The Directors considered the Boards and the board committees continued to operate effectively. No material issues were identified.

Appointment and Re-election of Directors

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by the Shareholders at the first general meeting after his/her appointment.

Term of Appointment of Non-Executive Directors

During the Year, the non-executive Directors (including independent non-executive Directors) were appointed for a term of 2 years and are subject to retirement by rotation and re-election in accordance with the Articles of Association.

Ms. Lam Yuen Man Maria, a non-executive Director, has entered into a letter of appointment with the Company for a term of 2 years commencing from July 1, 2024 to June 30, 2026.

Mr. Chan Kai Nang and Dr. Cheung Wah Keung, the independent non-executive Directors, have each entered into a letter of appointment with the Company for a term of 2 years commencing from April 1, 2025 to March 31, 2027. Mr. Man Yiu Kwong Nick, an independent non-executive Director, has entered into a letter of appointment with the Company for a term of 2 years commencing from November 1, 2024 to October 31, 2026.

Chairman and Chief Executive Officer

The Chairman and the CEO of the Company are performed by same individual, Mr. Pan Zhaolong. Mr. Pan Zhaolong acknowledged the distinct roles of the Chairman and the CEO. His respective responsibilities are clearly defined and segregated to ensure a balance of power and authority, and reinforce his independence and accountability.

The Chairman provides leadership for the Board, attends to management development and provides strategic plan guidance. The CEO is responsible for the overall strategic planning, operation, sales and marketing of the Group, and overall control system and supervision of the management team.

Mr. Pan Zhaolong, the Chairman, met with the independent non-executive Directors without the presence of other Directors in the Year.

The responsibilities of the Chairman and the CEO have been clearly defined in the Company's "Job Descriptions for Directors and Senior Management".

Directors' Training

The Company arranges induction training for newly appointed Directors. All Directors are encouraged to participate in continuous professional development trainings to develop and refresh their knowledge and skills.

The individual training record of each of the Directors who confirmed they had received trainings for the Year is summarized as follows:

Directors	Type of continuous professional development programmes
Executive Directors	
Mr. Pan Zhaolong	A
Mr. Ho Pak Yiu (<i>Resigned on November 6, 2025</i>)	A
Non-executive Director	
Ms. Lam Yuen Man Maria	A
Independent non-executive Directors	
Dr. Cheung Wah Keung	A and B
Mr. Chan Kai Nang	A and B
Mr. Man Yiu Kwong Nick	A and B

Notes:

A: attending seminars/forums/workshops/conferences/trainings relevant to the business or directors' duties or compliance

B: reading regulatory updates and guidance materials

BOARD COMMITTEES

The Board has established four standing committees, namely, the Nomination Committee, Remuneration Committee, Audit Committee and Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are available to Shareholders on the Company's website.

Nomination Committee

During the Year, the majority members of the Nomination Committee were independent non-executive Directors, with Mr. Man Yiu Kwong Nick acted as the chairman of the Nomination Committee. Apart from Mr. Pan Zhaolong and Ms. Lam Yuen Man Maria who are executive Directors and non-executive Director respectively, all the members of the Nomination Committee were independent non-executive Directors. The members of the Nomination Committee for the Year were:

Mr. Man Yiu Kwong Nick (*Chairman*)
 Mr. Chan Kai Nang
 Mr. Pan Zhaolong
 Mr. Ho Pak Yiu (*Resigned on November 6, 2025*)
 Dr. Cheung Wah Keung
 Ms. Lam Yuen Man Maria (*Appointed on July 1, 2025*)

The duties of the Nomination Committee shall be:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually, assist the Board in maintaining a board skills matrix and make recommendations to the Board regarding any proposed changes to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors, having regard to the requirements under the applicable laws, rules and regulations;
- to make recommendations to the Board on relevant matters relating to the appointment and re-appointment of the Directors and, in particular, the chairman and the CEO;
- to review the policy on Board diversity ("**Board Diversity Policy**"), the policy on director nomination ("**Nomination Policy**") and any measurable objectives for implementing such Board Diversity Policy and the Nomination Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and
- to make disclosure of its review results in the annual report of the Company annually.

During the Year, the Nomination Committee held one meeting for nominating the candidates of potential Board and committee members, making recommendations to the Board on the re-appointment of Directors, re-election of Directors at the general meeting and proposed revision on terms of reference of the Nomination Committee, reviewing the Board Diversity Policy and the Nomination Policy; reviewing the structure, size, composition and diversity of the Board members and assessing the independence of the independent non-executive Directors. The Nomination Committee also reviewed and assessed each Director's time commitment and contribution to the Board during the Year, and each Director's ability to discharge his/her responsibilities. With reference to (i) skills, experience and professional qualifications; (ii) role and positions held with members of the Group, as well as his/her external directorships or offices in other companies or organisations; and (iii) attendance record at the Board and committee meetings during the Year of each Director, the Nomination Committee considered that each Director gave sufficient time and attention to the affairs of the Group and undertook his/her responsibilities effectively during the Year. The individual attendance record of the Directors at the meeting of Nomination Committee is set out in the paragraph headed "Attendance Records of Board and Committee Meetings" of this Corporate Governance Report.

Board Diversity Policy

The Board has adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business.

The Board currently comprises of four male Directors and one female Director who are of different age, genders and with professional experience and qualifications in various aspects. Having regard to the composition of the Board and the measurable objectives, the Nomination Committee was of the opinion that the Board consists of members with diversified age, cultural and education background, professional/business experience, skills and knowledge.

The Board is mindful of the objectives for the factors as set out in the Board Diversity Policy for assessing the candidacy of the Board members and will ensure that any successors to the Board shall follow the Board Diversity Policy and that gender diversity will be achieved in respect of the Board.

In striving to maintain gender diversity, similar considerations are used when recruiting and selecting key management and other personnel across the Group's operations.

Workforce Diversity Policy

The Company also recognises the importance of diversity throughout the Group. A workforce diversity policy has been adopted in 2025 to provide guidance in creating a diverse, inclusive and supportive working environment for its employees.

This policy promotes a diversified and inclusive working environment where individual differences are respected and all employees are treated with dignity. Key components include adhering to non-discriminatory employment practices and procedures, encouraging collaboration among the workforce, providing training and development opportunities to address specific needs and career aspirations of diverse employees and regularly assessing the policy's effectiveness.

As at December 31, 2025, the Group maintained a 10%:90% ratio of female to male in senior management and a 32%:68% ratio of female to male in the workforce (excluding senior management), which is generally in line with the industry in which the Group operates.

The Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio. The Nomination Committee will discuss periodically and when necessary, agree on further measurable objectives and plans for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

Director Nomination Policy

The Nomination Policy of the Group was adopted in writing with effect from January 1, 2019. The Nomination Policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board. Pursuant to the Nomination Policy, the Nomination Committee shall consider the numerical criteria in evaluating and selecting candidates for directorships, including but not limited to character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; willingness to devote adequate time to discharge duties as a member of the Board; and other directorships and significant commitments.

Remuneration Committee

During the Year, the Remuneration Committee comprised all independent non-executive Directors, with Dr. Cheung Wah Keung acted as the chairman of the Remuneration Committee. The members of the Remuneration Committee during the Year were:

Dr. Cheung Wah Keung (*Chairman*)
Mr. Chan Kai Nang
Mr. Man Yiu Kwong Nick

The duties of the Remuneration Committee shall be:

- to make recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management and on the establishment of formal and transparent procedures for developing policies on all such remunerations;
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- to review and approve performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time;
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- to review and approve compensation payable to executive Directors and senior management members of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is fair and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is reasonable and appropriate;
- to review and/or approve matters relating to share schemes under the Listing Rules; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Year, the Remuneration Committee held two meetings for assessing the policy for the remuneration of executive directors, reviewing the remuneration package for Directors by reference to the performance, experience and qualification of the Directors and making recommendations to the Board on the remuneration proposals for the Directors. The individual attendance record of the Directors at the meeting of Remuneration Committee is set out in the paragraph headed "Attendance Records of Board and Committee Meetings" of this Corporate Governance Report.

The Remuneration Committee is tasked within its term of reference to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The remuneration policy and package of the Group's employees are periodically reviewed by the Remuneration Committee. The Remuneration Committee has reviewed the remuneration policy and package of the Group, including an assessment of individual performance, attractiveness of the rewards offered by the Company, talent retention and incentivization, the financial condition and performance of the Group. No share awards and share options were recommended to be awarded by the Remuneration Committee during the Year.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the Year is set out below:

In the band of	Number of individuals
Nil to HK\$1,000,000	2

Audit Committee

During the Year, the Audit Committee comprised all independent non-executive Directors, with Mr. Man Yiu Kwong Nick acted as the chairman of the Audit Committee. The members of the Audit Committee during the Year were:

Mr. Man Yiu Kwong Nick (*Chairman*)
Dr. Cheung Wah Keung
Mr. Chan Kai Nang

The duties of the Audit Committee shall be:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to develop and implement policy on the engagement of an external auditor to supply non-audit services;
- to monitor integrity of financial statements of the Company and the Company's annual report and accounts and half-year reports and to review significant financial reporting judgments contained in them;
- to review the Company's financial controls, internal control and risk management systems annually;
- to discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;
- to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- to review the Group's financial and accounting policies and practices; and
- to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised.

During the Year, the Audit Committee held three meetings for considering and reviewing the draft audited consolidated financial statements of the Group for the year ended December 31, 2024 and the draft unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2025, the internal control procedures, internal audit, whistleblowing policy, risk management, cash flow, taxation, financial results (including annual and interim results), accounting policies and related matters, adequacy of staff experience, qualifications, resources of the company's accounting and financial reporting departments, training programs and budget, re-appointment of auditor, and outstanding issues raised by the auditor and internal auditor. The individual attendance record of the Directors at the meeting of Audit Committee is set out in the paragraph headed "Attendance Records of Board and Committee Meetings" of this Corporate Governance Report.

Environmental, Social and Governance Committee

The Company has established the Environmental, Social and Governance Committee on February 10, 2021, with Mr. Pan Zhaolong as the chairman of the Environmental, Social and Governance Committee. The Environmental, Social and Governance Committee comprised both director and non-director members. The director members of the Environmental, Social and Governance Committee as at the date hereof are:

Mr. Pan Zhaolong (*Chairman*)
Dr. Cheung Wah Keung
Mr. Ho Pak Yiu (*Resigned on November 6, 2025*)
Mr. Man Yiu Kwong Nick

The duties of the Environmental, Social and Governance Committee shall be:

- to review, formulate and adopt the environmental, social and governance (“**ESG**”) vision, objectives and strategies of the Group, and provide recommendations to the Board on relevant ESG matters;
- to review and report back to the Board on major trends in corporate environment, society and governance, as well as risks and opportunities related to environment, society and governance;
- to review and assess the adequacy and effectiveness of the relevant framework for ESG matters at the Group level;
- to review and monitor the Group’s ESG policies and practices to ensure compliance with legal and regulatory requirement;
- to identify the relevant matters that significantly affect the operation of the Group and/or the interest of other important stakeholders in the ESG aspects;
- to adopt and update as necessary the Group’s policies on environmental protection, social responsibility management and corporate governance;
- to supervise, review, evaluate and report back to the Board on (i) actions taken by the Group to promote ESG objectives, strategies and framework, and (ii) the Group’s performance on ESG indicators with appropriate international or national standards;
- to monitor the channels and methods of communication with the stakeholders and ensure that there is an appropriate communication policy that can effectively promote the relationship between the Group and stakeholders and protect the Group’s reputation;
- to monitor internal and external opinions on the Group’s ESG practices and provide suggestions for improvement of these practices;
- to identify, assess and manage important issues related to ESG and update the assessment results to the Board on a regular basis; and
- to review the Group’s public reports on the performance of identified important issues regarding ESG and make recommendations to the Board, including but not limited to (i) setting appropriate standards for environment, society and governance, and monitoring and reporting on an annual basis, (ii) preparing annual ESG report for relevant activities, and (iii) reviewing annual ESG report and recommending it to the Board for approval, and recommending specific actions or decisions for the Board to consider in order to maintain the integrity of the ESG report.

During the Year, the Environmental, Social and Governance Committee held one meeting for considering and reviewing the ESG report of the Group for the year ended December 31, 2024. The individual attendance record of the Directors at the meeting of Environmental, Social and Governance Committee is set out in the paragraph headed "Attendance Records of Board and Committee Meetings" of this Corporate Governance Report.

Corporate Governance Functions

The Company's corporate governance function is carried out by the Board in compliance with code provision A.2.1 of the CG Code, which include (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and senior management; (ii) to review and monitor the training and continuous professional development of Directors; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. During the Year, the Board has reviewed the policy of the corporate governance and the corporate governance report of the Company.

Board Practices and Conduct of Meetings

The Directors can attend meetings in person or through other means of electronic communication or approve corporate actions by way of written resolution in accordance with the Articles of Association. All minutes of the Board and committee meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

ATTENDANCE RECORDS OF BOARD AND COMMITTEE MEETINGS

The Board meets regularly to discuss the Company's affairs and operations. During the Year, the Board held five Board meetings which were convened when board-level decisions on particular matters were required in person, by phone or through other electronic means of communication. The attendance records of each Director at the Board, Nomination Committee, Remuneration Committee, Audit Committee, Environmental, Social and Governance Committee meetings and general meetings for the Year are set out below:

	Attendance/Number of Meetings					
	Board Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Audit Committee Meetings	Environmental, Social and Governance Committee Meetings	General Meetings
Executive Directors						
Mr. Pan Zhaolong	5/5	1/1	N/A	N/A	1/1	1/1
Mr. Ho Pak Yiu (<i>Resigned on November 6, 2025</i>)	4/4	1/1*	N/A	N/A	1/1	1/1
Non-executive Director						
Ms. Lam Yuen Man Maria	5/5	0/0	N/A**	N/A	N/A	1/1
Independent Non-executive Directors						
Dr. Cheung Wah Keung	5/5	1/1	2/2	3/3	1/1	1/1
Mr. Chan Kai Nang	5/5	1/1	2/2	3/3	N/A	1/1
Mr. Man Yiu Kwong Nick	5/5	1/1	2/2	3/3	1/1	1/1

* Mr. Ho Pak Yiu resigned as a member of the Nomination Committee on July 1, 2025.

** Ms. Lam Yuen Man Maria was appointed as a member of the Nomination Committee on July 1, 2025

For the Year, apart from the meetings of the Board, Nomination Committee, Remuneration Committee, Audit Committee and Environmental, Social and Governance Committee, consent/approval from the Board and Board committees had also been obtained by written resolutions on a number of matters.

ANNUAL REPORT AND FINANCIAL STATEMENTS

All Directors acknowledge their responsibilities to prepare financial statements for the Year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to the Shareholders. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects of the financial statements of the Group.

The statements of the external auditor of the Company, BDO Limited, about their reporting responsibilities on the financial statements of the Group are set out in the Independent Auditor's Report on pages 70 to 73 of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks that it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems for reviewing their effectiveness annually. The system of internal controls is designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. It is also designed to provide reasonable, but not absolute, assurance that material loss can be avoided, and to manage and minimize risks of failure in operation systems. The Company has established the Audit Committee and internal audit department to conduct analysis and independent assessments on the effectiveness of the risk management and internal control systems of the Company. The Company is committed to implementing stricter and more regulated internal control procedures in the new financial year. Any material noncompliance or lapses in internal controls together with corrective measures are reported to the Audit Committee by Internal Audit Department.

The Board recognizes that corporate governance and ESG are complementary, with corporate governance inextricably linked to good governance of environmental and social issues. The Company's business, from day-to-day operations to aspects of commercial viability, including but not limited to brand and reputation, and stakeholder capitalism, are all relating to corporate governance and ESG. The management of issues relating to how an organisation interacts with the environment, its own people and the communities in which it operates all tie in with how the organisation is governed. Taken together, corporate governance and ESG demonstrate how a business ought to be managed and operated, while simultaneously taking into consideration environmental and social risks or impacts. The Company acknowledged that good corporate governance practices are not only a prerequisite for managing ESG issues, but provide the bedrock for managing environmental and social risk and ensuring there is accountability and ownership at the highest level of the business.

The Audit Committee reviews the risk management and internal controls that are significant to the Group on an on-going basis. The Audit Committee would consider the adequacy of resources, qualifications, experience and training of staff and external advisor of the Group's accounting, internal audit and financial reporting function.

The management of the Group is responsible for designing, maintaining, implementing and monitoring of the risk management and internal control system to ensure adequate control in place to safeguard the Group's assets and stakeholder's interest.

The Group has established risk management procedures to address and handle significant risks associated with the business of the Group including strategic risk, financial risk, business risk, environmental and social risk, and legal risk. The Board would perform annual review on significant changes of the business environment and establish procedures to response to the risks resulted from significant changes of the business environment. The risk management and internal control systems are designed to mitigate the potential losses of the business.

The management of the Group would identify the risks associated with the business of the Group by considering both internal and external factors and events which include political, economic, technological, ESG and staff. Each of the risks has been assessed and prioritized based on their relevant impacts and occurrence opportunities. The relevant risk management strategy would be applied to each type of risk according to the assessment results. Types of risk management strategy are: (i) risk reduction; (ii) risk avoidance; (iii) risk diversification; and (iv) risk transfer. The risk profiles are reported to the Audit Committee and the Board on a regular basis to highlight changes in the risk assessment, quantitative and qualitative factors affecting the inherent risks and effectiveness of respective controls.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimize the adverse impact resulted from the risks. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company monitors and control the dissemination of inside information with information disclosure policies and procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company's compliance department assesses the likely impact of any unexpected and significant event that may impact the price of the shares of the Company or their trading volume and evaluates whether the relevant information is considered inside information and needs to be disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

Based on the framework established and the reviews conducted by the internal audit department and the management's confirmation, the Board opines, with the concurrence of the Audit Committee, for the Year, the risk management and internal control system and procedures of the Group, covering all material controls including financial, operational and compliance controls and risk management functions were reasonably effective and adequate.

COMPANY SECRETARY

Mr. Ho Pak Yiu ("Mr. Ho"), the former executive Director, was the company secretary of the Company from December 1, 2022 to November 6, 2025. Following the resignation of Mr. Ho, Mr. Lam Ho Keung has been appointed as the company secretary of the Company on November 6, 2025. Mr. Lam Ho Keung had confirmed that he has taken not less than 15 hours of appropriate professional training as required under Rule 3.29 of the Listing Rules.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 70 to 73 of this report.

During the Year, the remuneration paid/payable to the Company's external auditor, BDO Limited and its affiliated companies, is set out below:

Type of Services	Fees Paid/Payable
Audit services	
– Audit of annual financial statements and agreed-upon procedures on the Group's preliminary annual results announcement	1,700
– Interim review on financial statements for the six months ended June 30, 2025	100
Total	1,800

DIVIDEND POLICY

The dividend policy of the Company aims to enhance transparency of the Company and set out the approach to declare and distribute dividends to the Shareholders. In proposing any dividend payout, the Company would consider various factors including but not limited to the earnings and financial condition, operating requirements, capital requirements and any other conditions that the Directors may deem relevant and will be subject to approval of the Shareholders.

Any declaration and payment as well as the amount of the dividends will be subject to any restrictions under the applicable laws and the Company's constitutional documents. The Company does not have any pre-determined dividend distribution proportion or distribution ratio. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Board.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting by Shareholders

Procedures for Shareholders to convene an extraordinary general meeting (including making proposals/moving a resolution at the extraordinary general meeting)

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company ("**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at an extraordinary general meeting. Eligible Shareholders who wish to convene an extraordinary general meeting for the purpose of making proposals or moving a resolution at an extraordinary general meeting must deposit a written requisition ("**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong. The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included, the details of the business(es) proposed to be transacted in the extraordinary general meeting, signed by the Eligible Shareholder(s) concerned. If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene an extraordinary general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Articles of Associations, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

INVESTORS RELATIONS

Change in Constitutional Documents

The latest version of the amended and restated Memorandum of Association and Articles of Association is available on the respective websites of the Company and the Exchange. There were no significant changes in the Company's constitutional documents during the Year.

Communication with Shareholders and Making Enquiry to the Board

The Company has updated its status to Shareholders from time to time through announcements and information as appeared on the website of the Company.

The Shareholders' communication policy of the Company is in place with the objective of ensuring the Shareholders are provided with equal and timely access to information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company. To ensure that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company has established several channels to communicate with the shareholders as follows:

- (i) Corporate communication will be provided to the Shareholders in plain language and in both English and Chinese versions to facilitate the Shareholders' understanding. Shareholders have the right to choose the language (either English and Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means);
- (ii) periodic announcements are published on the websites of the Exchange and the Company;
- (iii) a dedicated Investor Relations section is available on the Company's website www.palum.com. Information on the Company's website is updated on a regular basis; and
- (iv) Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

During the Year, the Board reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post or email to ir@palum.com.

The Company will hold an annual general meeting to approve the financial results for the Year as soon as practicable in 2026. The notice of annual general meeting will be sent to Shareholders at least 21 clear days before the annual general meeting.

ABOUT THIS REPORT

This is an Environmental, Social and Governance Report (the “**Report**” or “**ESG Report**”) of PanAsialum Holdings Company Limited (together with its subsidiaries, the “**Group**” or “**we**”) for public disclosure. The purpose of this Report is to provide stakeholders with an overview of the Group’s sustainability management practices and achievements in 2025.

Reporting Guidelines and Principles

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and adheres to the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”, with reference to the 2030 Agenda for Sustainable Development and the relevant Sustainable Development Goals (“**SDGs**”) of the United Nations (the “**UN**”).

Reporting Scope

This Report discloses the Group’s management approach and performance relating to material environmental and social issues from 1 January 2025 to 31 December 2025 (the “**Year**”). This report covers the Group’s business activities in Mainland China, Hong Kong, and overseas regions. Notably, the aluminium product research and manufacturing operations in Nanyang, Henan, represent the Group’s largest revenue-generating segment. Additionally, the employment data includes operations in Mainland China, Hong Kong, and Australia.

Access to the Report

This report can be viewed and downloaded from the Stock Exchange of Hong Kong. This Report is prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

Feedback

If you have any comments or suggestions regarding this Report, you are welcome to contact the Group through any of the following channels:

PanAsialum Holdings Company Limited

Address: Room 01, 26/F, Tower 2, The Millennity, 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong

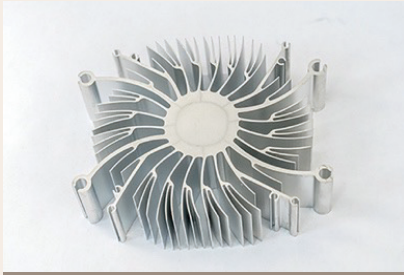
E-mail: ir@palum.com

Tel: (852) 2972 2028

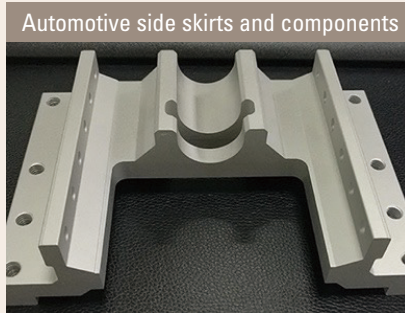
Website: <http://www.palum.com>

ABOUT PANASIALUM

We are one of the enterprises renowned for the professional production of aluminium alloy profiles in the PRC. As a leading company in the research and development and manufacturing of aluminium products in the PRC, and with over 30 years of professional experience, we provide efficient and comprehensive one-stop solutions across the entire industry chain of aluminium alloy products, from research and development to production, processing, and sales. The Group's products are widely used in various key sectors, including electronic product accessories, photovoltaic systems, new energy transportation, shipbuilding, doors and windows curtain walling, and medical devices, meeting diverse needs in modern construction, green energy, and advanced manufacturing.



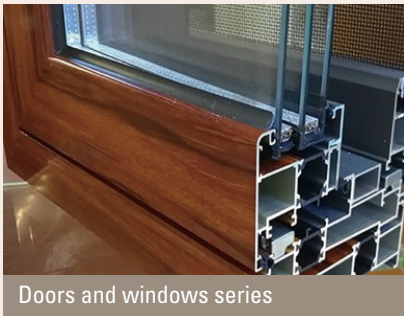
Heat sink series



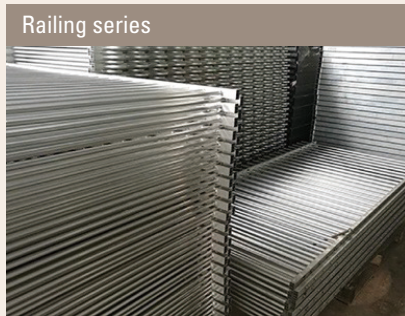
Automotive side skirts and components



Solar bezel series



Doors and windows series



Railing series



Industrial profiles

The Group has also been certified as a "strategic partner in China's aerospace industry" and a "sponsor of China's aerospace industry", further consolidating our competitive edge in the high-end market. The Group views sustainable development as its core mission and actively fulfills its social responsibility across the entire industry chain. We consistently adhere to the UN Sustainable Development Goals (SDGs), with a strong focus on environmental protection and resource recycling. By actively participating in the ASI and obtaining the UL2809 Recycled Material Content Certification.

ESG GOVERNANCE

Board Statement

As a leading researcher, developer, and manufacturer of aluminium products in the PRC, the Group is committed to driving responsible and sustainable development through technological innovation. We firmly believe that the establishment of clear and effective ESG governance principles and strategies is essential for the long-term sustainable development of the Group. To this end, the Group has established an ESG Committee, headed by our Chairman and Executive Director, to formulate and oversee the ESG strategies of the Group. The ESG Committee consists of individuals in charge of relevant functions and certain key executives of the Company, who are primarily responsible for continuously monitoring ESG and climate change risks and opportunities, supervising the effectiveness of the management's implementation of ESG strategies, appraising the progress of ESG-related objectives on a regular basis, and reviewing the annual ESG report of the Group.

During the year, our ESG committees discussed in 4 meetings covers the following agenda:

1. Overview of sustainability targets and progress updates of each production section of the Group
2. Assess and discuss our 2024 and 2025 ESG report formally

3. Review our stakeholder’s survey
4. Climate-related strategy and update related policy whenever necessary
5. Climate-related risk management policy
6. Formulation of the sectoral decarbonization targets
7. Identify and evaluate any undefined climate risk factor(s)

The Group is actively working to align its remuneration policy and practices with its climate strategy by integrating climate-related considerations into the compensation framework, e.g. embedding climate-related risk considerations into performance scorecard and evaluation system.

At the executive level, the Group established a dedicated ESG management team responsible for formulating and implementing specific ESG action plans.

Our ESG Committee assesses and delivers regular updates on sustainability targets and climate-related risk and opportunities, and provides continuous training and capacity building programs to up-skill staff in the areas of sustainability and management of climate-related risk.

ESG GOVERNANCE STRUCTURE DIAGRAM



The Board is aware of its responsibility to ensure the accuracy of this Report. To the best of its knowledge, this Report contains no false information, misleading statements, or material omissions, and provides objective disclosure of the Group’s actions and performance on material issues.

ESG Strategies

The Group has established a comprehensive and efficient ESG governance system to continuously enhance its capabilities and performance in ESG governance. We have focused on improving our strategic goals, work mechanisms, and risk management policies and measures in respect of ESG sustainability, and consistently strengthened our management foundation, fully leveraging the Company’s advantages to lay a solid foundation for long-term development. To ensure the effective implementation of ESG management, the Group has established several dedicated ESG management teams, including the Environmental Working Group, Operations Management Working Group, Employment and Labour Working Group, and Community Investment Working Group. Additionally, to enhance the comprehensive implementation of ESG practices, the ESG Action Team was set up during the year, who are responsible for appointing ESG representatives and data collectors in relevant departments. Each group has clear responsibilities and works collaboratively to implement all ESG tasks. Regular reports on the latest progress are submitted to the Group’s ESG Committee to ensure that management is fully informed of the execution and progress of ESG tasks.

During the Year, we have formulated a sustainable development blueprint based on the Group’s ESG strategic objectives, values and culture, and clearly defined our development direction and focus areas. Focusing on the three core areas of environmental management, a people-oriented approach, and operational excellence, we have deepened the implementation of our ESG strategies and made it the cornerstone of our ESG practices. Through scientific and comprehensive strategies, efficient execution mechanisms and continuous improvement of management, we will consolidate our sustainable development capability and create stable and long-term value for our stakeholders.

Environmental Management	People-oriented Approach	Operational Excellence
<p>Promote the realisation of the “dual carbon” goals, strive to reduce the negative environmental impact of operations and production processes, and actively address the challenges brought by climate change.</p> <div data-bbox="236 801 564 880"> </div>	<p>Create a diverse, equitable, healthy, and safe work environment, attract and nurture talents, and provide comprehensive support for employees’ professional and personal development.</p> <div data-bbox="919 801 994 880"> </div>	<p>Continuously optimise the supply chain and product management system, refine operational processes to enhance efficiency and quality, and eliminate all forms of corruption.</p> <div data-bbox="1270 801 1425 880"> </div>



Materiality Assessment

During the Year, we conducted a survey on material issues concerning stakeholders. Using a four-step process of identification, prioritisation, determination and examination, we systematically analysed key issues that may potentially affect the Group’s ability to continue as an on-going concern and its long-term development. With “significance of economic, environmental and social impacts” and “influence on stakeholders assessments and decisions” as core dimensions, we identified the key areas of concern regarding our ESG practices. Based on the communication results, we formulated a sustainability strategy that aligns with stakeholder expectations, actively responded to the concerns of all parties, and further promoted the Group’s overall progress in sustainable development.

With reference to the HKEX ESG Reporting Guide, Global Reporting Initiative (GRI) issues, international ESG rating agencies, and the analysis on SDGs within business value chains, we have identified a pool of 33 sustainability issues relevant to the Company’s business characteristics, and collected valid feedbacks from internal and external stakeholders through interactive online forum. The most material issues in the 2025 ESG report are “Greenhouse gas emissions”, “Toxic emissions and waste management”, “Employee safety and health”, and “Product and technology development and innovation”.

Responding to the UN's SDGs

Through value chain analysis, we have identified 7 SDGs that are closely relevant to the Group's business development. During the Year, we actively implemented a series of targeted initiatives across the three focuses of environmental management, a people-oriented approach and operational excellence, which have led to significant improvements in environmental efficiency, employee engagement and operational effectiveness, all aligned with the specific requirements of the 7 SDGs. We are confident that these efforts will contribute to the creation of long-term corporate value and promote the mutual progress of our business and society.

	SDGs	Relevant Issues	Actions Taken by the Group
Environmental Management	 6.3 – Reduce water pollution	<ul style="list-style-type: none"> Water resources and wastewater management Raw material management Renewable energy utilisation Toxic emissions and waste management Greenhouse gas emissions Chemicals safety management Responding to climate change 	<ul style="list-style-type: none"> Monitored emissions data on a regular basis and established goals to reduce emissions Developed solar PV electricity generation projects Set up sewage treatment plants at production sites and strengthened waste management Identified climate risks and opportunities and optimised our strategic climate governance
	 7.2 – Increase renewable energy sources		
	 12.5 – Reduce waste generation through prevention, emission reduction, recycling, and reuse		
	 13.1 – Strengthen the ability to resist and adapt to climate-related and natural disasters		
A People-oriented Approach	 8.2 – Improve economic productivity through diversification, technological upgrading, and innovation	<ul style="list-style-type: none"> Employee safety and health Employee training and development Prevention of child and forced labour 	<ul style="list-style-type: none"> Organised occupational hazard prevention and occupational health and safety trainings Nurtured talents and established succession plans Carried out labour supply chain management and adopted measures to ensure employment compliance
	8.8 – Protect labour rights and promote a safe and stable working environment		
Operational Excellence	 12.8 – Ensure that we have the relevant information and awareness for developing in a sustainable manner and living harmoniously with nature	<ul style="list-style-type: none"> Supply chain management Sustainable procurement Product quality and safety Customer service and satisfaction Data privacy and safety Business ethics Community comments 	<ul style="list-style-type: none"> Carried out supply chain assessments and risk management Strictly adhered to the “5R” procurement principles Adopted a product quality assurance system Established a complete solution and process for handling customer complaints Established privacy protection and anti-corruption systems and procedures Invested into the community
	 16.5 – Reduce all forms of corruption and bribery		

RESPONDING TO CLIMATE CHANGE

We are actively responding to the national goal of carbon peak and carbon neutrality, and regard the reduction of greenhouse gas emissions as one of the Group's key priorities, so as to enhance our resilience to climate change and ability to control climate-related risks.

Climate Objectives and Commitment

We are committed to proactively mitigating our environmental impact and enhancing our climate resilience. With reference to the TCFD framework to monitor and manage climate-related risks.

The Group has strengthened our climate resilience by systematically integrating climate considerations into strategic planning. Our multi-faceted approach enhances the identification and assessment of climate-related risks and opportunities across corporate, business, and operational levels, positioning us to navigate the low-carbon transition while capturing emerging opportunities.

Climate scenario analysis enables robust assessment of potential climate pathways and their implications on our customers and portfolios, supporting our formulation of climate strategies to strengthen our analytical capabilities.

Climate Strategies

To adapt to the potential risks and challenges brought about by climate change, we actively carried out climate change risk identification and improved our response strategies based on the findings. These strategies cover the four core areas of "Governance", "Strategy", "Risk Management" and "Metrics and Targets", establishing a comprehensive risk management framework on this foundation.

The Group has had regard to, and where appropriate has applied, the reasonable information, capabilities, commercial sensitivity and financial effects reliefs available under the relevant ESG reporting requirements under Part D of ESG reporting code.

Risks and Opportunities

Based on the Group's operational characteristics and expectations for future transformation, we have identified various types of climate-related risks, which are mainly categorised as physical risks and transition risks. Physical risks include threats arising from natural disasters such as heavy rainfall, flooding and extreme weather, while transition risks involve the challenges that may be brought about by increasingly stringent policies and regulations as well as intensified competition in the marketplace, which may potentially impact business operations. However, these risks also present opportunities, particularly in terms of changing consumer preferences and growing demand for green products, which open up new avenues for sustainable business development. We have analysed the potential financial impacts of and the responses to these risks and opportunities accordingly.

The climate-related risks and opportunities identified above are based on management's current assessment, drawing on the data and information presently available to the Group.

As our capabilities continue to strengthen and more reasonably supportable information becomes available, the Group intends to further enhance its analysis, including through the incorporation of more granular climate-related scenario analysis in the future.

Type of Risk	Impact Time Horizon	Potential Financial Impacts	Responding Measures	
Transition risks	<ul style="list-style-type: none"> More stringent environmental protection policies implemented by the government have increased the operating costs of enterprises 	<ul style="list-style-type: none"> Short term 	<ul style="list-style-type: none"> Increase in costs: renovation costs and emission costs will be increased 	<ul style="list-style-type: none"> Regularly compile and update regulations via various channels such as government agencies and the Internet to ensure operational compliance
	<ul style="list-style-type: none"> Stricter environmental regulations may expose enterprises to higher risks of claims and litigation 	<ul style="list-style-type: none"> Short term 	<ul style="list-style-type: none"> Increase in costs: non-compliance leads to litigation claims 	<ul style="list-style-type: none"> Assess the environmental performance of subsidiaries and branches with reference to the environmental protection assessment measures
	<ul style="list-style-type: none"> New energy-saving facilities are widely used by industrial competitors, which increases market competition, forcing the Group to purchase new equipment to replace old ones 	<ul style="list-style-type: none"> Medium term 	<ul style="list-style-type: none"> Increase in costs: investment in research and development of green technologies will be increased and new equipment has to be purchased Decrease in assets: existing facilities will be disabled 	<ul style="list-style-type: none"> Accelerate the switch to energy saving and automated equipment Promote the use of new and clean energy, such as electric vehicles and electrical equipment
	<ul style="list-style-type: none"> Purchase new equipment to replace old ones to improve energy efficiency 	<ul style="list-style-type: none"> Medium term 	<ul style="list-style-type: none"> Decrease in costs: operating costs are reduced 	<ul style="list-style-type: none"> Accelerate the switch to energy-saving and automated equipment
	<ul style="list-style-type: none"> Rising stakeholders' expectations and customer preference in the transition to a lower-carbon economy 	<ul style="list-style-type: none"> Medium term 		<ul style="list-style-type: none"> Promote the use of new and clean energy, such as electric vehicles and electrical equipment
Opportunities	<ul style="list-style-type: none"> Investors increasingly prefer environment-friendly enterprises 	<ul style="list-style-type: none"> Medium term 	<ul style="list-style-type: none"> Decrease in costs: financing costs are lowered 	<ul style="list-style-type: none"> Promote green production and green operation Procure raw materials and green products Improve the emissions management process
	<ul style="list-style-type: none"> Consumers increasingly prefer environmentally-friendly products 	<ul style="list-style-type: none"> Medium term 	<ul style="list-style-type: none"> Increase in revenue 	<ul style="list-style-type: none"> Incorporate climate change considerations into the procurement process and actively consider low-carbon or zero carbon and energy-efficient products and materials
	<ul style="list-style-type: none"> Enhance the development of adaptive capacity to respond to climate change and to better manage the associated risks and seize opportunities 	<ul style="list-style-type: none"> Medium term 	<ul style="list-style-type: none"> Reduce operating cost of unplanned downtime from better risk management 	<ul style="list-style-type: none"> Incorporate climate change considerations into the procurement process.
	<ul style="list-style-type: none"> Improve resource efficiency (i.e. energy, water, materials and waste) across business operations, etc. 	<ul style="list-style-type: none"> Medium term 	<ul style="list-style-type: none"> Decrease in operating cost due to improved resource efficiency, reduced supplies and waste management 	<ul style="list-style-type: none"> Incorporate climate change considerations into the procurement process.

We identify, assess, and manage potential climate risks on a regular basis and incorporate them into the Group's risk management system. During the Year, we identified physical and transition risks and opportunities that may emerge in the future. Working closely with our Risk Management Department, we thoroughly analysed potential climate risks and opportunities, assessed their potential impacts, and developed strategies to mitigate and adapt to them.

The Board, based on the information and assessments currently available, has not identified climate-related risks or opportunities that have had a material impact on the Group position, performance, cash flows or capital deployment for the Year, nor that are expected to result in a material adjustment within the next annual reporting period. As our internal processes and data capabilities evolve, and given the applicable reliefs available under the ESG Reporting Guide, the Group will, where appropriate, provide quantitative disclosure of such financial impacts and capital deployment in future reports.

Climate Strategy and Decision-making

We measure and manage climate-related risks while reducing emissions from operations and financing activities. Our climate strategy is formulated to balance the Group’s contribution and exposure to climate-related risks. The Board’s strategic direction is implemented organization-wide through coordinated corporate, business and operational actions, ensuring comprehensive climate risk management by:

- (1) Risk management – managing the financial risks for climate change by identifying and assessing climate risks and embedding into practices and governance.
- (2) Value protecting – building resilience to physical climate risks arising from building, properties, production premises.
- (3) Emission reduction – reducing the Group’s direct emissions subject to the availability of the market.

As a result, no climate-related risks or opportunities have been identified that are expected to have a material impact on the financial statements for the upcoming reporting period. We are currently conducting an internal evaluation of quantitative financial results to support our analysis, while developing a comprehensive transition plan with dedicated resource allocation.

Mitigation

- Contribute to achievement of the national goals of carbon peak and carbon neutrality by reducing carbon emissions in accordance with short and medium-term goals that are based on scientific or industrial practices and are in line with its long term commitments;
- Report on the progress made towards achieving the targets annually;
- Adopt the best industry practices to improve energy efficiency and reduce resource consumption in operations;
- Firmly implement and promote energy conservation and emission reduction policies and management systems, as well as energy usage measurement and management systems in all factories;
- Promote research on new processes, regularly upgrade and transform production workshop equipment and instruments, continue to increase investment in environmental protection equipment, minimise the use of fossil fuels in the production of aluminium products, and reduce generation of GHGs;
- Continue to promote solar PV electricity generation projects and reduce energy consumption of the production department and other departments.

Adaptation

- Assess financial and other risks and opportunities related to climate change and the impact of climate change on its business;
- Ensure relevant procedures and measures are in place to prevent or reduce damage from climate change and to take advantage of opportunities that may arise;
- Report on climate risks and opportunities in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD);
- Incorporate climate change and extreme weather events into corporate risk management procedures and business continuity plans;
- Collaborate with various stakeholders including employees, suppliers, and customers to enhance the adaptability of all parties to climate change.

Assessment

- Regularly assess climate-related risks and opportunities;
- Incorporate climate-related risks as part of the risk management process by adopting effective mitigation measures.

To ensure effective execution, the Group is developing a robust transition plan with a comprehensive implementation framework through the alignment of internal resources and processes. Our implementation plan focuses on the following four key areas:

- (1) Enhancing organizational structure and processes for cross-unit coordination
- (2) Integrating climate-related considerations into remuneration frameworks

- (3) Ensuring sufficient resource allocation (both financial and non-financial) and conducting vendor assessment
- (4) Strengthening data collection systems

As part of this foundational work, the Group has measured the proportion of its assets vulnerable to physical climate risks and is now in the process of quantifying the financial impact of identified transition risks and opportunities. This quantitative assessment will inform strategic resource allocation and risk management decisions. Concurrently, we are developing a robust methodology to ensure the accurate and transparent disclosure of our climate-related capital expenditures – including investments in energy-efficient equipment, renewable energy generation, and green product innovation – in future reports, enhancing accountability and stakeholder confidence. Alongside these efforts, the Group has not yet established an internal carbon pricing mechanism; however, we are actively monitoring carbon-related regulations and market trends to evaluate its potential relevance to our future approach and long-term strategy.

In parallel, the Group is actively working to align its remuneration policy and practices with its climate strategy by integrating climate-related considerations into the compensation framework. This includes embedding climate-related risk considerations into performance scorecards and evaluation systems to ensure accountability and incentivize progress toward our climate objectives.

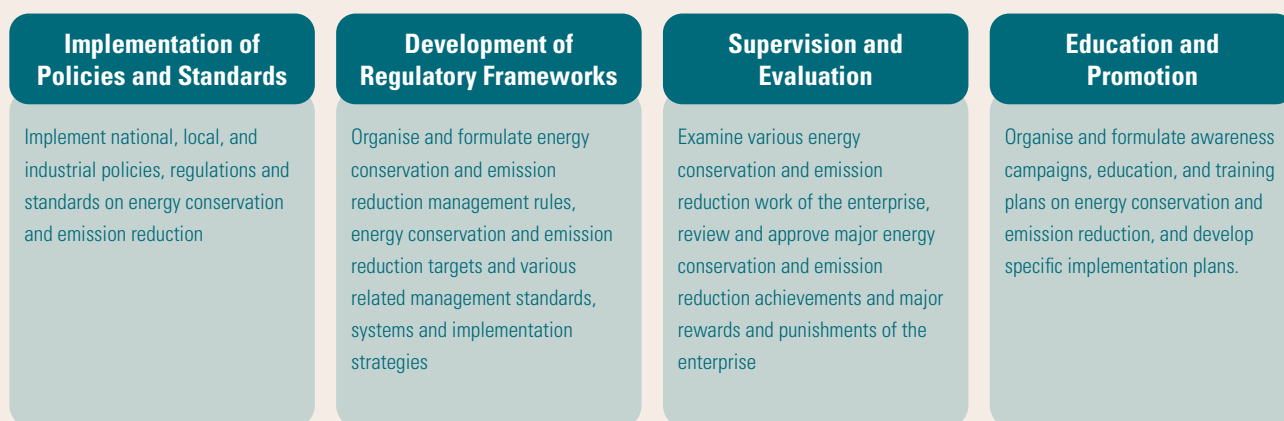
Building on our existing Scope 3 disclosures, the Group is working to expand our measurement capabilities to include additional relevant categories, particularly those from purchased goods and services and upstream transportation. These categories represent the most significant Scope 3 emissions sources for our manufacturing operations.

Regarding carbon markets, the Group does not currently participate in carbon credit trading or carbon offset programs. However, we actively monitor market developments and regulatory trends, and are evaluating the potential role of high-quality carbon credits as a complementary tool within our broader decarbonization strategy.

Performance and Measures

Energy Management

The Group complies with national energy conservation and emission reduction laws and policies, and has established an Energy Conservation and Emission Reduction Management System to regulate energy use and continuously improve management and efficiency in operations. It set up an Energy Conservation Working Group and appointed dedicated energy management staff in relevant departments to handle energy data analysis, target setting, and the formulation of energy-saving plans.



We also actively fulfilled our corporate responsibilities to combat climate change, gradually promoted the strategic integration of low-carbon transition and our corporate development, formulated energy conservation and emission reduction plans that are suitable for the Group's development, and defined clear carbon reduction objectives and solutions for upgrading our energy conservation technologies.

Energy Target

The energy consumption target for 2025 focused on the main process areas of our plant, and was achieved by adjusting the production arrangement, using the best production equipment, increasing energy saving promotions, and assessing the performance of energy consumption.

Key Energy Projects and Performance

Workshop	Project	Achievements	Progress
Melting and casting workshop	Equipment maintenance and renovation, including replacing the furnace eyebrow frame and improving the flow channel of the casting furnace	Saved 15 m ³ /ton of natural gas	Concurring
	Adjusting natural gas capacity and supervising the smelting production progress by improving the air-fuel ratio standards, adding and replacing heat storage balls	Estimated to have saved 2 m ³ /ton of gas	Concurring
Extrusion workshop	Replacing aging extrusion machine molds	Saved \$100/day in electricity costs for every unit	Concurring
Anodizing workshop	Recycling and reusing workshop water	Reduced water consumption from 8 m ³ to 5 m ³ per ton of product	Concurring
	Upgrading and renovating the oxidation DC power supply system	Estimated to save 12kWh/metric ton in electricity costs	Concurring
	Replacing conductive busbars	Estimated to have saved approximately \$8/ton in electricity cost	Concurring
Powder Coating workshop	Upgrading and renovating the air compressors and circulation pumps	Estimated to have saved 296 kWh/day of electricity	Completed and concurring
	Renovating the spray system	Saved 82.6 kWh/ton of electricity	Completed

We formulated the Energy Measurement Management System and other specific accounting guidelines, and further unified and regulated the overall standards and methods for energy measurement, according to rules and regulations such as the Metrology Law of the People's Republic of China, the Measures for the Supervision and Administration of Energy Measurement, the Auditing Rules for Energy Measurement in Key Energy Consuming Units. We also established a digitalised energy consumption data management platform to measure energy consumed in every step of the production process, to allow better comparisons of production data.

Energy Consumption

Type of Energy		Unit	2024	2025
Direct Energy	Fuel used	tonnes	39.4	17.3
	Natural gas	m ³	4,425,207	2,082,035
Indirect Energy	Purchased electricity	MWh	40,658	19,606
Total comprehensive energy consumption		MWh	85,375	40,640.5
Total comprehensive energy consumption intensity ²		MWh/m ²	8.5	4.0
Total comprehensive energy consumption intensity		MWh/million revenue ¹	91.4	113.0

¹ 2024 data has been revised due to system improvement.

² Total area of production premises applied in calculating Total comprehensive energy consumption intensity MWh/m²

Greenhouse Gas Emissions

The Group actively promotes the use of renewable energy sources and made great efforts to develop solar PV electricity generation projects to optimise our energy mix and reduce emissions of GHG and other pollutants. We have laid out 150,000 m² of PV panels in staff quarters at our factory. We are also gradually developing solar-powered car parks and other PV electricity generation projects. During the Year, 6,550,224 kWh of clean electricity was generated through solar PV. This made a positive contribution to the realisation of our energy transformation and environmental protection goals.

GHG Emissions¹

Type of GHG	Unit	2024	2025
GHG emissions (scope 1) ²	tCO ₂ e	11,449.6	6,393.2
GHG emissions (scope 2) ³	tCO ₂ e	28,460.5	13,725.5
GHG emissions (scope 3) ⁴	tCO ₂ e	109	66
Total GHG emissions	tCO ₂ e	40,018.5	19,184.7
GHG emissions Intensity	tCO ₂ e/m ²	4.0	1.9
GHG emissions intensity	tCO ₂ e/million revenue	43.6	53.3

¹ The Group's GHG emissions include carbon dioxide, methane and nitrous oxide, and is reported in carbon dioxide equivalent.

² Scope 1 includes GHG emissions from stationary sources and fuel consumed by mobile source, as well as from the operation of equipment and systems.

³ Scope 2 includes GHG emissions from purchased electricity and purchased gas.

⁴ Scope 3 includes other indirect emissions from (i) employees' business flights; and (ii) methane arising from the disposal of wastepaper in landfills. The data is calculated based on the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator and "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

Green Office



Recycling scrap materials

We actively recycle and reuse waste materials with the help of our partners or professional companies.



Energy efficient lighting

Energy efficient lighting is widely used in our offices and staff quarters. Highly-efficient LED lighting is used in the office areas, while smart sensors or acoustic lighting are installed in staff quarters and corridors.



Energy-Efficient Air Conditioning

When selecting air conditioners for offices, choose low-energy consumption models and promote reasonable scheduling of air conditioning usage to save electricity and reduce greenhouse gas emissions.



Waste collection and separation

We assigned dedicated personnel to recycle and sort waste, to ensure that domestic waste generated from our office are separately collected. Sorted waste is then sold to a third-party recycling company for further reuse, in order to reduce burden on landfills.

ENVIRONMENTAL MANAGEMENT

Through efficient and robust environmental management measures, we are committed to reducing the environmental impact of our operations and production processes, thereby promoting the synergy between economic development and environmental stewardship.

We follow the Environmental Protection Law of the People’s Republic of China. Pursuant to the relevant laws and regulations of the national standard “Environmental Management Systems – Requirements and Application Guidelines” (GB/T 24001-2016), we formulated a number of internal policies including the Management Manual, under which, a comprehensive Environmental Management System (EMS) has been established in conjunction with the ISO 14001 standard, which allowed us to carry out environmental management more efficiently. The Group’s production base in Nanyang, Henan has obtained the ISO 14001 and the GB/T 24001-2016 EMS certifications.

In terms of environmental protection, the Group follows a management principle where each level, department and segment assumes its own responsibility, with lower levels being accountable to higher levels. The Group has establishes an Environmental Management Leadership Group, with the general manager as the group leader, the vice president of production and the head of the quality and safety department as deputy group leaders, and the supervisors of each department as members of the group. An office is set up under the Company’s security department to be responsible for the daily work of environmental management. By clearly defining responsibilities, we ensure the orderly and effective implementation of corporate environmental protection work.

We have further improved our environmental management measures and as a member of the Aluminium Stewardship Initiative (ASI), demonstrating the Group’s continued commitment and practice in sustainable development and responsible management.

Emission Management

The Group adheres to laws and regulations including the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, and the Water Pollution Prevention and Control Law of the People's Republic of China, and has formulated relevant internal policies and documents to ensure that wastewater and exhaust gas are discharged in compliance with standards, and that solid waste is managed and disposed of in a standardised manner. We uphold the goal of sustainable development, continuously strengthen the control and management of pollutant emissions in our operation and production process, and properly dispose of or treat the exhaust gas, wastewater, and waste generated during the operation and production process. The pollutants emitted by the Group mainly include atmospheric pollutants such as sulfur oxides, nitrogen oxides, and particulate matter, wastewater, and solid waste.

Exhaust Gas Emissions

The Group strictly complies with the regulations and standards related to exhaust gas emissions in the PRC and the regions where it operates. It has established and implemented relevant institutions for exhaust gas emission management, such as the Wastewater, Exhaust Gas, and Noise Emission Control Procedures, to clearly define the requirements for exhaust gas management and emissions. By adopting the highest standards, we effectively control exhaust emissions to ensure they meet safety and compliance requirements.

Exhaust gas emissions generated by the Group mainly consist of nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matters from our vehicles and production processes. In our future operations and production, we will strive to continuously optimise our production activities to reduce exhaust gas pollutant emissions and minimise exhaust gas generation at the source. We will also strengthen the management of exhaust gas emissions to ensure compliance with exhaust gas emission standards by implementing effective emission reduction measures, aiming for green and sustainable development. We are upgrading the dust collector in the melting and casting workshop to improve the treatment efficiency and further reduce exhaust gas pollutant emissions.

Exhaust Gas Control Measures

1. Smoke and dust generated are processed using a dust removal system and discharged after meeting relevant emission standards, while oil and smoke generated in canteens are processed using an electrostatic precipitator and discharged after meeting relevant emission standards;
2. Non-hazardous exhaust gas is discharged through a ventilation system or indoor air vents to safeguard the health of employees and keep the workplace well-ventilated;
3. Exhaust facilities are inspected daily, and routine maintenance are scheduled and logged;
4. Diesel forklifts are replaced with electric forklifts to reduce diesel consumption and exhaust emissions.

Exhaust Gas Emissions

Type of Exhaust Gas	Unit	2024	2025
Nitrogen oxides (NO _x)	tonnes	1.6	0.8
Sulphur oxides (SO _x)	tonnes	0.8	0.4
Particulate Matters (PM)	tonnes	0.2	0.1

Wastewater Discharge

Wastewater is one of the major pollutant emissions generated in the Group's business operations. The Group strictly implemented institutional documents related to wastewater discharge such as the Wastewater, Exhaust Gas, and Noise Emission Control Procedures, to regulate the various requirements for wastewater treatment and discharge, and ensure that our sewage discharge adheres to standards. We also regularly review our business and production processes for wastewater treatment to ensure that our discharge follows the requirements of relevant laws and regulations.

Wastewater generated by the Group mainly consists of domestic sewage arising from office buildings, canteens, and staff quarters, as well as industrial sewage arising from production and processing processes. Pollutants in wastewater include various heavy metals, acidic pollutants, oil pollutants, and other substances that pose risks to the environment. We established a sewage treatment plant at our production base in Nanyang, where we monitor sewage discharge internally and externally. An online automatic water quality monitoring system has been installed to monitor the data of different pollutants arising from discharged wastewater in real time. We have also integrated our monitoring system with the platforms of the Municipal Bureau and the Provincial Department to further enhance the accuracy and compliance of discharge monitoring. Moreover, by optimising the production industry and promoting wastewater recycling, we improved our water recycling rate. In the coming year, we plan to carry out further modifications and upgrades to the inlet water pipes of the sedimentation tanks at the wastewater treatment plant to enhance the efficiency of wastewater treatment by improving the sedimentation effect.

Wastewater Control Measures

1. Wastewater arising from the cleansing of aluminium products undergoes pre-treatment to have its pH value corrected to 7–8, before entering the sewage treatment plant in the factory, to reduce the load of sewage treatment facilities
2. Domestic sewage is processed in the sewage treatment plant in the factory, and is only discharged to the municipal pipelines when standards are met
3. Waste liquid generated during the production process in the surface treatment workshop is regularly replaced to reduce the concentration of wastewater discharged

Waste Discharge

The Group places a strong emphasis on waste management. To ensure the standardisation and efficiency of the waste management process, the Group strictly complies with the requirements of national laws and regulations regarding wastes. We have formulated and implemented waste management systems and operational procedures such as the General Solid Waste Management System, the Hazardous Waste Control Procedures, the Emergency Disposal Plan for Hazardous Waste and the Accountability for Prevention and Control of Environmental Pollution by Hazardous Waste, ensuring the collection, storage, treatment and disposal of waste are in compliance with the relevant standards and requirements. Meanwhile, a leadership group for the prevention of environmental pollution by hazardous waste is set up to strengthen our control of environmental risks related to hazardous waste, promoting our efforts on reducing hazardous waste generation, encouraging recycling and supporting waste neutralisation.

Waste generated by the Group is mainly categorised into general waste, hazardous waste, and recyclable waste. All hazardous waste is handed over to and properly disposed by professional and qualified third-party waste management companies in accordance with the requirements of the ISO 14001 Environmental Management System. This ensure the elimination of potential environmental and human health risks posed by hazardous waste. We have also renovated our hazardous waste treatment center to strictly comply with legal requirements and ensure zero hazardous waste pollution incidents, actively fulfilling our steady commitment to environmental protection.

Waste	Description	Disposal Measures
General waste	Production waste, waste equipment, glass instruments, non-toxic waste liquid and kitchen waste	General waste is collected and handed over to the corresponding processing units for disposal
Hazardous waste	Waste cutting fluid, nickel-containing sludge	Hazardous waste is labelled and stored separately from general waste and recyclable waste, and then handed over to qualified third-party waste management companies for collection and disposal
Recyclable waste	Waste packaging materials, wastepaper and plastic bottles, metals, and waste aluminium scraps	Recyclable waste is collected by authorised recycling companies for sorting and recycling

Waste	Description	Disposal Measures
-------	-------------	-------------------

Waste reduction targets	1. Actively carry out measures of the Group to reduce, reuse, and recycle resources, and gradually reduce waste generation, to increase the overall solid waste utilisation rate	
	2. Reduce waste generation by 5% every year	

During the Year, we generated 731.97 tonnes of hazardous waste in total, which mainly consisted of waste cutting fluid, aluminium ash, nickel-containing sludge, waste engine oil, and dust collected in bags in the smelting and casting workshop, of which, aluminium ash totalled 484.73 tonnes, all of which was recycled and reused; we also generated 1,012.50 tonnes of non-hazardous waste in total, including metals, aluminium scraps, aluminium ash, waste cartons, and domestic waste.

Waste Discharge

Type of Waste	Unit	2024	2025	
Hazardous waste	Total amount	tonnes	1,086.12	713.97
	Density	tonnes/m ²	0.01	0.01
	Density	tonnes/million revenue	1.18	2.03
Non-hazardous waste	Total amount	tonnes	1,028.40	1,012.5
	Intensity	tonnes/m ²	0.01	0.01
	Intensity	tonnes/million revenue	1.12	2.81

Resources Management

Water Resources Management

As always, the Group strictly complies with national and regional laws and regulations such as the Energy Conservation Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, and the Comprehensive Work Plan for Conserving Energy and Reducing Emissions, actively promoting water conservation and protection and endeavouring to enhance our water management standards.

The Group is committed to promoting efficient and refined management of water resources by implementing a number of process modifications to optimise water consumption while enhancing water recycling efficiency. This was designed to achieve high efficiency in water conservation and resource sustainability. To further enhance management effectiveness, the Group has controlled the total amount of water used by major departments, and developed water consumption plans and established water saving targets for every department and workshop. In addition, the Group has also continued to identify, evaluate and mitigate water-related risks internally and externally to actively respond to the challenges of water resources.

Water Optimisation Targets	1. Actively implement measures to optimise the Group's water resources and gradually reduce water consumption, to increase water efficiency	
	2. Reduce water consumption by 5% every year	

Workshop	Water Conservation Optimisation	Water Conservation Achievements
Anodizing workshop	Recycle and reuse wastewater from the nickel removal pool and the alkaline wastewater cooling tank	Increased water recycling and reuse rates and reduced discharge of wastewater containing heavy metals
	Optimise the efficiency of heat pumps by replacing high-power heat pumps with low-power heat pumps	Saved approximately 80 m ³ of water consumption every day
Office and domestic areas	Conserve more water in daily activities by installing sensor taps and placing water-saving reminders in our office and domestic areas	Reduced unnecessary water loss
Powder coating workshop	Recycle purified water for secondary use	Saved 4 m ³ /tonnes of water consumption
Melting and Casting workshop	Repair underground pipe leakage in large casting pool	Saved 700 m ³ of water consumption

Water Consumption

Type	Unit	2024	2025
Total Water Consumption ¹	m ³	247,232	143,916
Intensity ¹	tonnes/m ²	24.6	13.9
Intensity	tonnes/million revenue	269.5	400.0

¹ Calculated based on records of the Group's actual water usage.

² 2024's figure updated due to system improved.

Packaging Materials Management

Strategy and Governance

The Group is committed to building an environmentally friendly and resource-efficient enterprise. To support national "dual carbon" goals and align with international standards (referencing IFRS S2 Climate-related Disclosures), our ESG Committee oversees the strategy to reduce embodied carbon in packaging.

Given the specific protection requirements of our aluminium products, timber remains a primary packaging material.

Risk Management and Metrics

Recognising that timber sourcing carries risks related to deforestation and supply chain emissions (Scope 3, Category 1), we have implemented sourcing controls that prioritise suppliers operating under sustainable supply chain models. In our operations, we continuously explore practical ways to optimise packaging design and reduce excess protective layering of timber.

Performance data

Type	Unit	2024	2025
Timber	cubic metres	463.27	445.66
Intensity	cubic metres/m ³	0.05	0.04
Intensity	cubic metres/million	0.50	1.24

During the year, total timber consumption decreased by 3.8% year-on-year to 445.66 cubic metres. The increase in intensity per million of revenue was mainly due to the essential packaging protection required per truckload being difficult to reduce, against a significant decrease in overall revenue for the year.

Resource Conservation and Environmental Management

The Group promotes resource conservation and environmental protection through packaging, recycling and ecological management measures. It seeks to reduce packaging material consumption by optimising packaging design and using more environmentally friendly materials; total packaging materials used during the Year amounted to 621.62 tonnes. The Group has adopted the Operating Regulations for Recycling Secondary Aluminium and the Operating Regulations for Purchasing Secondary Aluminium, which govern the procurement, inspection, use and monitoring of secondary aluminium, with the objectives of ensuring legal and quality compliance, improving metal resource utilisation efficiency and promoting recycling. Suppliers of secondary aluminium are subject to environmental due diligence and product quality is controlled in accordance with the relevant operational regulations. In its operations, and pursuant to the Environmental Protection Management Operation Regulation, the Group conducts environmental inspections and implements measures designed to mitigate adverse impacts on air, water, soil, forests and other natural resources.

EMPLOYEE COMPOSITION

Employees are the cornerstone of the Company's success and sustainable development. The Group is committed to building a comprehensive care system and welfare platform for our employees. Whether it is career development, health protection, or achieving a balance between family and work, we provide comprehensive support and resources to ensure that employees are able to realise the coordinated development of their personal and professional abilities. As at 31 December 2025, the Group had a total of 538 full-time employees and 1 part time employee. The male-to-female ratio is 69% to 31%. The distribution and percentages of our employees by category are set out below:

Number of employees (turnover rate)		2024	2025
By Gender	Male	484 (23%)	371 (37%)
	Female	237 (32%)	168 (53%)
By Age	Under 30 years old	94 (53%)	81 (31%)
	30 to 50 years old	523 (23%)	383 (40%)
	Over 50 years old	104 (16%)	75 (63%)
By Employment Type	Full-time	720 (26%)	538 (42%)
	Part-time	1 (0%)	1 (0%)
By Position Level	Senior management	11 (18%)	10 (70%)
	Middle management	42 (19%)	30 (57%)
	General staff	668 (27%)	501 (40%)
By Region	People's Republic of China	720 (26%)	538 (42%)
	Australia	1 (0%)	1 (100%)

Employee turnover rate is an important indicator of human resource management and employee satisfaction. The Group closely monitors employee turnover and considers it an important reference for improving management and employee relations. As at 31 December 2025, the overall employee turnover rates is 42%.

Labour Practices

Employee Satisfaction

To ensure that employees' suggestions are effectively reflected and valued, the Group has established a variety of communication channels, including a dedicated mailbox and WeChat channels of the Human Resources Department and the Company, to encourage employees to put forward their valuable opinion and suggestions. By enhancing the transparency and efficiency of internal communication, these channels help us continuously optimising the working environment and management effectiveness.

During the Year, the Group's employee satisfaction score reached 9.28, exceeding the target. Feedback mainly concerned staff meals, remuneration, team-building, and factory environment. The Group will introduce targeted improvement measures in these areas and closely track their implementation, while continuing to monitor satisfaction and optimise working conditions to enhance employees' wellbeing and sense of belonging.

Employment Compliance

The Group adheres to an employment principle of integrity and merit, open recruitment, fair competition, and selection based on performance, and recruits through diversified channels to support its sustainable development. It has established strict identity verification requirements in its Recruitment and Employment Management System to prevent child labour, forced labour, and other unlawful practices. The use of child labour by suppliers is a material assessment criterion in their annual review or evaluation; where non compliance is identified, the Group will require timely rectification, failing which it may terminate the relevant contract.

The Group is determined to eliminate any form of discrimination against age, gender, physical or mental health conditions, marital status, family status, religion, political orientation, and sexual orientation etc. We are committed to upholding transparency during the employment process to safeguard employees' rights. Through supervision and internal reviews, we will continue to maintain ethical employment standards. Pursuant to the Human Resources and Payroll Management System and Procedures, we ensure that employees' payroll and related rights are managed in a fair and standardised manner throughout the employment cycle in order to increase payroll transparency and provide employees with clear career development paths to further strengthen the protection of labour rights.

Employee Care and Benefits

Employee Rights

The Group believes that a good benefit package helps us fully motivate employees to give full play to their individual strengths and enhance their sense of belonging to their jobs. We continue to optimise and improve our remuneration, subsidies, holidays, and other welfare systems, and attract, incentivise, and retain talents with competitive remuneration packages. The Group registers employees for social insurance and makes regular adjustments to ensure ongoing compliance and protection in accordance with applicable laws, regulations, and labour contract requirements.

Remuneration and Welfare

The Group strictly complies with remuneration-related laws and regulations in the PRC and other regions where it operates. We have formulated and implemented documents such as the Employee Handbook and Remuneration Management Measures to set out our employee benefits system, under which employees receive statutory benefits as well as various additional allowances and performance-based remuneration, such as skills-based, attendance-based and performance-linked incentives.

Occupational Health and Safety

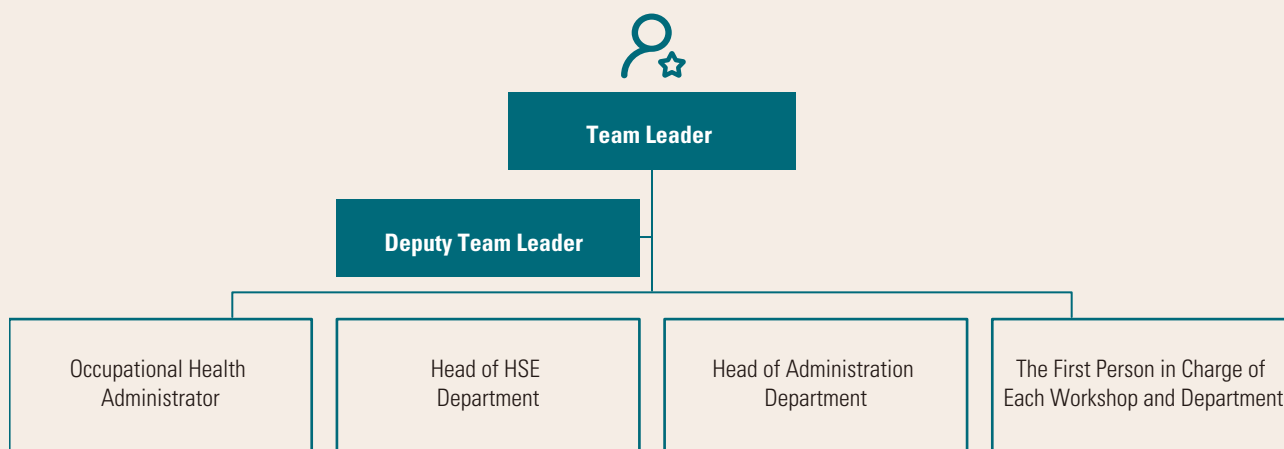
The Group has established an occupational health and safety management framework to control relevant risks and provide a safe working environment. Safeguards, preventive measures and emergency handling procedures are set out in internal policies and the Employee Handbook, covering occupational disease prevention and training, safety education, protective equipment management, and environmental, safety and occupational health inspections and reward/penalty mechanisms.

The Group conducts quarterly reviews of its occupational health and safety performance, including production safety, occupational health and environmental protection, and has formulated assessment criteria for safety management, special operations planning, hazard rectification and special inspections. It also monitors employee health check coverage and the status of occupational health. The Group's Nanyang factory in Henan has obtained ISO 45001 Occupational Health Management System certification, evidencing conformity with the relevant international standard.

Safety Management and Governance

The Group has established an Occupational Health Management Leadership Team (OHMLT), comprising the Occupational Health and Safety Department, the Administrative Department, principal persons in charge of each workshop and factory, and relevant management. The OHMLT is responsible for implementing national laws and regulations on occupational health management and occupational disease prevention and control, and for integrating these matters into the Group's core management areas.

Occupational Health Management Leadership Team (OHMLT)



The Team will also review the Group’s milestones and specific plans to achieve the targets for occupational health and occupational disease prevention and control, and regularly monitor and inspect the implementation of the plans. It is also responsible for formulating and revising internal occupational disease prevention and management measures, implementing relevant testing plans, etc., and providing training on protection from occupational hazards for different positions, and conducting regular training and assessment on occupational health knowledge, etc.

Occupational health and safety targets	<ol style="list-style-type: none"> 1. Maintain the incidence rate of work-related injuries below 0.3%; 2. Rectify safety hazards that have been identified, and gradually achieve a 100% rectification rate.
Key safety issues	<ol style="list-style-type: none"> 1. Conducted 3 safety inspections in conjunction with the district emergency management bureau; 2. Expedited the establishment of a risk surveillance and warning system for the safety production of the melting and casting workshop (deep well casting) as required by regulatory government authorities; 3. Continued with the self-inspection and rectification on aluminium processing (deep well casting) issues; amended the contingency plan for workshop to guide on-site emergency drills for the melting and casting workshop; 4. Assisted in guiding the melting and casting workshop to make on-site improvement through setting up access control, partition, planning logistic passage, staff passage and additional safety signs.
Safety routine	<ol style="list-style-type: none"> 1. Established a dual prevention system on the integrated business platform of the Emergency Management Department of Henan Province; filled in reports on the Zhengxiong electronic safety (正雄E安) dual prevention management platform; 2. Launched regular safety meetings on safety theme days every month as required by the Emergency Management Department; 3 regular safety meetings and 3 thematic safety meetings were held in the third quarter.

The Safety Management Department (“HSE”) is responsible for the implementation and supervision of various tasks to comprehensively enhance occupational health management, thereby promoting the construction of a healthy, safe and green workplace.

The Group conducts annual physical examinations of all employees (including positions exposed to hazards and positions not exposed to hazards). We arrange examination of employees for occupational disease before, during and after work. We also distribute protective equipment such as safety equipment for the office and construction sites to prevent accidents at the workplace and reduce occupational hazards. We strictly abide by all applicable laws and regulations in relation to occupational health and safety, and constantly reduce occupational health and safety risks at our workplace.

Occupational safety and health performance	Unit	2023	2024	2025
Cases of work-related injuries	Cases	9	0	1
Employee injured at work	Employee	7	0	1
Lost days due to work-related injuries	days	395	0	1

On the front of supplier chain management, the Group also puts great emphasis on employees' health and safety. To strengthen our labour supply chain management, we specify safety production management matters when signing contracts with labour contracts and demand the execution of the Environmental and Occupational Health and Safety Notice for Suppliers. At the same time, responsible departments will conduct occupational health and safety endorsements and provide training and management for outsourced workers. If violations are found, we will enforce penalty with reference to the Environmental and Safety, Occupational Health Reward and Punishment System, and the Human Resources Department will deduct marks from the performance review for the relevant contractor according to the terms of contract.

Performance Review

The Group has established an internal Environmental, Safety and Occupational Health Reward and Punishment System, formulated with reference to the Production Safety Law of the PRC, the Regulation on Labor Security Supervision of Henan Province and other applicable laws and regulations, to standardise departmental and positional conduct and to prevent and reduce incidents relating to production safety, environmental pollution and occupational health. Employees' and senior management's occupational health performance is reviewed on a monthly basis.

Where breaches of rules or regulations occur, the Group may impose measures including verbal warnings, performance-related deductions, administrative sanctions and termination of labour contracts, in order to enforce compliance with production safety and occupational health requirements and support the Group's long-term, compliant operation.

Prevention and Control

The Group has adopted the Environment, Safety and Occupational Health Inspection System to standardise staff conduct and to identify and rectify safety hazards in equipment, facilities, operating environments and work practices. These documents specify inspection items, schedules and corrective measures, and provide for comprehensive, special and routine inspections covering all aspects of production safety. The Group promotes occupational disease prevention under principles of integrated and compartmentalised management. The Nanyang factory in Henan has obtained Level II Safety Production Standardisation Certification, indicating that it has established a production safety mechanism based on self inspection, rectification and continuous improvement.

Targets of Occupational Diseases Prevention and Control

Understand, promote and consistently implement the law on occupational diseases prevention and control and enhance the awareness of occupational health	Widely promote knowledge on the prevention and control of occupational diseases, launch health awareness campaigns, enhance the sense of responsibility, and improve the quality of hygiene	Strengthen occupational health management, improve information, and implement various tasks, including health checkups, renovate hazardous workplaces, and provide protective gear	Improve the management system of occupational health and development contingency plans	Improve the identification of occupational hazards and setting of warning signs
---	---	--	--	---

Prevention measures in respect of occupational health	Strictly followed relevant measures related to occupational disease prevention by installing soundproofed devices to the pressure sawing area, and upgrading the manual table saws for the melting process to automatic ones, to reduce the noise damage caused by the operation process.
	Organised regular occupational health checks for workers who are exposed to relevant occupational hazards, and established a comprehensive occupational health management system.
	During the Year, we continued to carry out daily safety inspections, and weekly, monthly, and quarterly safety checks, as well as pre-holiday, specialised, and major accident and hazard investigations. We also conducted two emergency drills for confined spaces and fire incident.

During the Year, we engaged a qualified third-party organisation to perform a labour risk assessment, which will assess the current state of occupational hazards at our workplace during business operations every year. We have also formulated the Occupational Disease Hazard Factors at Workplace to effectively identify dangerous sources and provide targeted protection.

Safety Training

The Group organises regular safety education and training for employees and business partners pursuant to internal requirements (including the Safety Education and Training System), formulates periodic and role-specific training plans, and requires new employees to sign documents such as the Occupational Health and Safety Notice and the Safety Management Agreement upon onboarding to formalise relevant obligations. The Group also conducts regular traffic safety and fire safety drills to enhance employees' emergency response capabilities and support ongoing compliance with applicable safety standards and procedures.

Safety Education and Training Program	<p>Training for new employees:</p> <p>New employees must undergo three levels of safety education and pass an examination before they are allowed to start working. The training program is organised by the Human Resources Department with the assistance of the HSE Department. Topics include: national laws and regulations, basic knowledge in relation to safety production and occupational health; corporate safety production regulations and systems, labour discipline; risks, preventive measures and emergency response to accidents in the workplace; and relevant accident case studies etc.</p>
	<p>Training for general practitioners:</p> <p>General practitioners must undergo a job position safety skills training before they are allowed to work independently. The duration of the training for new workers is around six months, while that for internal transferees is three months. They must pass an examination before they can work independently. Every year, the general practitioners must also attend a safety skills training and pass an exam before they can continue to work independently.</p>
	<p>Training for employees returning to work and internal transferees:</p> <p>Employees who are absent from work for more than three months due to illness, injury, or other reasons must undergo safety education training again before they are allowed to resume work.</p>

In 2025, the Group organised a total of 12 of safety production training, with 526 participants, covered 100% of frontline staff.

Enabling Growth by Talents

The Human Resources Department is responsible for organising and managing the Group's employee training. According to the Administrative Measures for Nurturing Talents and Building a Talent Pipeline in the Company and other internal policy documents, the Group has in place an internal talent pool and training system, while each business department is responsible for its own annual departmental trainings and development plans. Trainings consist of internal and external trainings, covering a wide range of topics such as employee management, professional skills, occupational health and safety, and laws and regulations.

Staff training statistic	Average training hours of employees	Percentage of employees trained
By Gender		
Male	31.1	100
Female	29.6	100
By Position Level		
Senior management	27.7	100
Middle management	28.2	100
General staff	30.8	100

OPERATIONAL EXCELLENCE

It is the mission of our Group to lead the aluminium alloy industry through technological innovation, and endeavours to create sustainable long-term value for its stakeholders. With responsible supply chain management, we ensure that our products and services comply with sustainability standards at source, and continue to enhance customer satisfaction with high quality deliveries.

Responsible Supply Chain

Supplier Assessment Procedures

The Group has implemented its Procurement Control Procedures to regulate the selection and assessment of suppliers. Such procedures apply to all suppliers of the Group and stipulates that the procurement process must adhere to the "5R" principles (i.e., right time, right quality, right quantity, right price, and right place) and that all products and services procured fully meet the Group's strict requirements. At the same time, the Group has formulated and implemented the Operation Standards for Secondary Aluminium Procurement, which continued to strengthen the compliance and management requirements for supply chain sustainability, to ensure that its business partners are committed to promoting environmental protection and resource recycling practices together with the Group.

During the supplier admission process, we will conduct a thorough and multi-dimensional assessment on the candidates, which covers both on-site survey and written appraisal. A comprehensive assessment will be conducted based on various perspectives, such as business management, quality management, productivity, health and safety, environmental management, and social responsibility fulfilment, to ensure compliance with the Group's production standards, which in turn improves the efficiency of material sourcing to meet customer requirements. Qualified suppliers passing the assessment must sign relevant agreements including the Supplier Quality Assurance Agreement, the Letter of Undertaking of Non-use of Environmental Management Materials, and the Notice of Suppliers on Environmental and Occupational Health and Safety, which clarifies their responsibility and commitment to environmental protection and sustainable development. Using the internal supplier management system, we will regularly track and record the on-time delivery rate, product quality and defect rate, and other key metrics of each supplier, as well as review and rate their performance on a monthly and annual basis. We also conduct a comprehensive appraisal on document management, change management, quality management, equipment management, testing management, warehouse management and environmental management according to the supplier appraisal plan. For any non-compliance found, suppliers are required to analyse the causes, formulate and implement corresponding corrective and preventive measures until rectification is completed to meet the appraisal requirements.

The Group actively maintains close communication and collaboration with suppliers through diverse communication channels (e.g. entering of agreement, email, WeChat and telephone, etc.), and is committed to building strong, trusting partnerships with them. On such basis, we work hand in hand with our suppliers to promote sustainable development and achieve synergistic growth in environmental, economic and social values. As of the Year, 35 of the Group's main suppliers are from South China.

Supplier Risk Assessment and Management

The Group seeks to manage sustainability risks within its supply chain and has adopted the Operational Regulation for Environmental Protection Management and the Code of Practice for the Management of Hazardous Substances and Materials to set out risk management principles for quality, environmental protection and hazardous substances management. In supplier development, monitoring, improvement and replacement, the Group conducts multi-dimensional assessments covering environmental performance, employee rights protection, anti-corruption measures, occupational health management and social responsibility, to ensure that suppliers' operations are consistent with the Group's sustainability standards and requirements.

The Group applies differentiated, industry-specific control measures to its suppliers (including suppliers of dangerous goods), requiring timely reporting of material changes in production and environmental management, as well as the provision of qualified third-party environmental assessments and relevant environmental and social certifications, with a view to supporting a sustainable and compliant supply chain.

In its procurement activities, the Group gives appropriate preference to greener products where economic conditions are comparable, and progressively refines the environmental and technical requirements applicable to supplier products, while conducting on site inspections and audits of suppliers' basic information, quality management and delivery performance. The Group also adopts a multi-sourcing approach (generally engaging at least two to three suppliers per key raw material) to enhance supply chain resilience, manage costs and better meet customer needs, and utilises metal futures contracts on the Shanghai Stock Exchange as a hedging instrument to prudently manage raw material price volatility and promote stable business operations.

The Group has established comprehensive solution and process to handle customer complaints, ensuring that complaints are resolved in a timely and efficient manner. Upon receipt of a customer complaint, we will communicate with the complainant within 24 hours of receiving their complaint to understand the specific situation and give a written response within 3 working days to clarify the solution and follow-up measures, so as to maximise the protection of customers' rights and interests. During the reporting period, the Group received a total of 3 inquires related to our packaging, all of which have been properly handled.

We have set up an Environmental Promotion Committee to monitor and ensure that all substances under our environmental management are within standards. We are committed to ensure that our products comply with the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) requirements, and to provide our customers with customised solutions to promote green upgrading and sustainability of our products.



During the year, there are no recalls for safety and health reasons.

Intellectual Property Rights and Customer Privacy Protection

Intellectual Property Rights Protection

We require our employees to strictly comply with all applicable laws and regulations related to intellectual property rights, including but not limited to the Patent Law of the People's Republic of China and the Copyright Law of the People's Republic of China, so as to effectively protect and safeguard our legal rights and interests in intellectual property.

The Group requires employees to comply with the confidentiality provisions set out in the Employee Handbook and to sign a Corporate Secrecy Agreement. Employees must not use or disclose to any third party any business-related confidential information, including but not limited to product design, process procedures, blueprints, technical parameters and customer data, and may only borrow, copy, transmit or remove confidential documents, data or other sensitive items from the Company under proper authorisation and designated working conditions.

Cybersecurity

The Group continues to strengthen its internal security management and the management of its network security by managing the Internet use of factory workers, using internet filtering software, changing firewall service providers, and upgrading firewall systems. We have enabled a range of functions, including application control, vulnerability attack protection, botnet protection, content security and access rights management. In addition, we have activated services such as Cloud Intelligence, Cloud Collar, Cloud Threat Gateway and Cloud HoneyPot to help protect outbound network data and to monitor and address potential cyber threats in real time.

The Information Centre provides regular training on system operation, protection techniques and information security, including dedicated cybersecurity training for the finance department, and access rights for key personnel are strictly controlled under relevant confidentiality rules and measures. The Group maintains an independent database and adopts daily and off site backups to prevent data loss or leakage, and manages employee system access on a hierarchical basis according to departmental business needs.

Product Labelling and Advertising Management

In accordance with the Product Quality Law of the People's Republic of China and other laws and regulations related to product labelling management, the Group has developed and implemented the Labelling and Traceability Control Procedures. We use distinct labels, including product labels and status labels, to ensure clear, accurate and reliable traceability of our products.

For product labelling management, the Group strictly requires the labelling to include the name, specification and code of the product. In terms of advertising management, the Group undertakes not to use false advertising information and to provide consumers with truthful and accurate advertising information.

ANTI-CORRUPTION

Establishing an Anti-corruption System

The Group complies with applicable anti corruption laws and regulations and implements a zero-tolerance approach to corruption. Managers at all levels are required to promote compliance and sound conduct and to resist corruption, dishonesty, fraud, money laundering and misappropriation of company assets. In accordance with the Staff Handbook, the Group has established communication and complaint channels (including meetings, forums and suggestion boxes), and requires employees to observe anti corruption requirements in their daily work. The Group has also adopted the Implementation Rules for Working Style and the Workplace Gift Giving Management System and set up a dedicated working group to implement and monitor relevant anti corruption measures.

Strengthening our Internal Supervision System

The Group has established a comprehensive internal supervision framework by adopting an Internal Supervision Whistleblowing Policy and setting up an employee whistleblowing hotline, providing a secure and confidential channel for reporting suspected corruption and facilitating timely identification and rectification of issues. The Group adheres to strict confidentiality principles to protect whistleblowers' identities and information and to prevent retaliation. The Audit Committee periodically reviews and updates the relevant policies to ensure ongoing compliance with applicable laws, regulations and the Listing Rules, thereby strengthening internal controls and maintaining a fair and transparent whistleblowing mechanism.

Whistleblowing and Complaint Procedures



Employees' Integrity Pledge

We require managers at factory and managerial level and above to sign an Integrity Pledge, which not only helps us restrict employees' behaviours in a legal manner, but also embodies the responsibility and commitment of each manager to the Company and society. This aims to strengthen the culture of integrity and self-discipline within the Group, and to encourage senior management to set a good example in their daily work and to uphold the principles of integrity, impartiality and fairness in the course of business operations.

Extensive Coverage and In-depth Promotion of Training for All Employees

Our management and all staff of the Purchasing Department successfully completed anti-corruption training. Meanwhile, we included business ethics and anti-corruption elements in our induction training, to ensure that new employees have a clear understanding of our Company's expectations and requirements.

COMMUNITY WELFARE

The Group actively participates in various charity events and philanthropic initiatives in Nanyang City, firmly fulfilling its corporate social responsibility with a particular focus on disadvantaged and impoverished families in the local community. The Company has devoted around 60 hours in 5 community services amounted to RMB10,000.

Independent Auditor's Report



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

To the Shareholders of PanAsialum Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of PanAsialum Holdings Company Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 74 to 131, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 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 ("**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 ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Refer to 2.6, 4(b), 15 and 16 to the consolidated financial statements.

The carrying value of the Group's property, plant and equipment and right-of-use assets amounted to HK\$317,198,000 and HK\$219,436,000 respectively as at December 31, 2025. During the year ended December 31, 2025, the Group incurred a loss, before impairment assessment of property, plant and equipment and right-of-use assets, of HK\$59,125,000, as at December 31, 2025, the market capitalization of the Group fell below its net asset value. Management considered that these condition indicated impairment of the Group's property, plant and equipment and right-of-use assets.

In this regard, the Group engaged an independent professional valuer to assist the Group in the estimation of the recoverable amount of the cash generating units, which is the higher of the fair value less costs of disposal and value in use. The judgment focuses on estimation of the prices at which an orderly transaction between market participants to sell these assets would take place at measurement date. Based on the result of the assessment, management has estimated that no impairment loss in respect of the Group's property, plant and equipment and right-of-use assets is required.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

Our response:

1. Evaluating the assumptions and data used by the Group in the impairment assessment of these assets;
2. Involving our internal valuation specialist to assist us in evaluating the methodology adopted and key assumptions used by the independent professional valuer for the impairment assessment and the fair value used in the recoverable amount calculation; and
3. Evaluating the competence, capabilities and objectivity of the independent professional valuer.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises 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 conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

From the matters communicated with the directors, 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.

BDO Limited

Certified Public Accountants

Pak, Tak Lun, Amos

Practising Certificate Number: P06170

Hong Kong, March 26, 2026

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2025

	<i>Notes</i>	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Revenue	5	359,779	917,179
Cost of sales		(337,266)	(752,939)
Gross profit		22,513	164,240
Distribution and selling expenses		(13,615)	(25,743)
Administrative expenses		(122,175)	(148,041)
Other income	9	11,167	4,897
Other gains – net	10	3,881	3,369
Finance income – net	11	2,001	7,157
(Impairment loss)/reversal of impairment loss on trade and other receivables	3.1(b)	(10,459)	2,989
(Loss)/profit before income tax	6	(106,687)	8,868
Income tax credit	12	47,562	19,213
(Loss)/profit for the year		(59,125)	28,081
(Losses)/earnings per share attributable to owners of the Company			
Basic and diluted (HK cents per share)	13	(4.9)	2.3

Consolidated Statement of
Comprehensive Income *(Continued)*

For the year ended December 31, 2025

<i>Notes</i>	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
(Loss)/profit for the year	(59,125)	28,081
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	16,536	(17,224)
Release of foreign currency translation reserve upon deregistration a subsidiary	(1,085)	–
Total comprehensive income for the year	(43,674)	10,857

Consolidated Statement of Financial Position

As at December 31, 2025

	<i>Notes</i>	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	317,198	362,934
Right-of-use assets	16	219,436	241,896
Prepayments for property, plant and equipment	21	2,343	1,791
		538,977	606,621
Current assets			
Inventories	19	75,663	65,408
Trade receivables	20	71,847	226,450
Prepayments, deposits and other receivables	21	78,900	111,719
Pledged bank deposits	22	85,812	34,835
Time deposits with original maturity over three months	22	37,812	78,000
Cash and cash equivalents	22	59,313	290,996
		409,347	807,408
Total assets		948,324	1,414,029
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	23	120,000	120,000
Reserves	26	568,226	611,900
Total equity attributable to owners of the Company		688,226	731,900

Consolidated Statement of
Financial Position (Continued)

As at December 31, 2025

	<i>Notes</i>	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	994	14,771
		994	14,771
Current liabilities			
Trade payables	27	8,984	12,313
Contract liabilities, other payables and accrued charges	27	68,568	103,233
Borrowings	28	95,513	251,633
Lease liabilities	16	1,456	8,858
Deferred income on government grants		12,195	12,204
Income tax liabilities	29	72,388	279,117
		259,104	667,358
Total liabilities		260,098	682,129
Total equity and liabilities		948,324	1,414,029

The consolidated financial statements on pages 74 to 131 were approved by the Board of Directors on March 26, 2026 and were signed on its behalf.

Pan Zhaolong
Director

Man Yiu Kwong Nick
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Attributable to owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share held for share award scheme HK\$'000	Share option reserve HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	
Balance at January 1, 2025	120,000	1,001,287	(774)	3,124	(87,519)	(304,218)	731,900
Profit for the year	–	–	–	–	–	(59,125)	(59,125)
Other comprehensive income:							
Currency translation differences	–	–	–	–	16,536	–	16,536
Release of foreign currency translation reserve upon deregistration of a subsidiary	–	–	–	–	(1,085)	–	(1,085)
Total comprehensive income for the year	–	–	–	–	15,451	(59,125)	(43,674)
Release upon lapse of share options (Note 25)	–	–	–	(234)	–	234	–
Balance at December 31, 2025	120,000	1,001,287	(774)	2,890	(72,068)	(363,109)	688,226
Balance at January 1, 2024	120,000	1,001,287	(774)	3,178	(71,523)	(331,125)	721,043
Profit for the year	–	–	–	–	–	28,081	28,081
Other comprehensive income:							
Currency translation differences	–	–	–	–	(17,224)	–	(17,224)
Total comprehensive income for the year	–	–	–	–	(17,224)	28,081	10,857
Release upon lapse of share options (Note 25)	–	–	–	(54)	–	54	–
Transfer to statutory reserves (Note 26)	–	–	–	–	1,228	(1,228)	–
Balance at December 31, 2024	120,000	1,001,287	(774)	3,124	(87,519)	(304,218)	731,900

* The other reserves comprises foreign currency translation reserve of debit balance of HK\$92,001,000 (December 31, 2024: debit balance of HK\$107,452,000) and statutory reserves of HK\$19,933,000 (December 31, 2024: HK\$19,933,000). Further details are set out in Note 26.

The notes on pages 80 to 131 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	<i>Notes</i>	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Cash flows from operating activities			
Cash generated from operations	30(a)	101,924	40,504
Income tax (paid)/refund		(161,686)	644
Net cash (used in)/generated from operating activities		(59,762)	41,148
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(5,458)	(2,440)
Proceeds from sales of property, plant and equipment	30(b)	3,243	371
Prepayments made for property, plant and equipment		(419)	(796)
Proceeds from disposal of the discontinued operation		–	15,995
Interest received		7,968	16,762
Placement of time deposits with original maturity over three months		(59,330)	(78,000)
Withdrawal of time deposits with original maturity over three months		99,865	–
Placement of pledged bank deposits		(117,096)	(29,689)
Withdrawal of pledged bank deposits		66,307	76,687
Net cash used in investing activities		(4,920)	(1,110)
Cash flows from financing activities			
Proceeds from borrowings	30(c)	202,799	216,784
Repayments of borrowings	30(c)	(362,283)	(172,086)
Payment for lease liabilities	30(c)	(2,842)	(3,130)
Interest paid	30(c)	(5,967)	(9,605)
Net cash (used in)/generated from financing activities		(168,293)	31,963
Net (decrease)/increase in cash and cash equivalents		(232,975)	72,001
Cash and cash equivalents at beginning of the year		290,996	226,239
Exchange gains/(losses) on cash and cash equivalents		1,292	(7,244)
Cash and cash equivalents at end of the year		59,313	290,996

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

PanAsialum Holdings Company Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) are principally engaged in the manufacturing and trading of aluminium products. The Company is an investment holding company. The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on October 7, 2005 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is a subsidiary of Easy Star Holdings Limited, a company incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors, the ultimate holding company of the Company is Genesis Trust & Corporate Services Limited, which is incorporated in the Cayman Islands and is beneficially and wholly-owned by a discretionary trust under which Mr. Pan Zhaolong, the Chairman, executive director and chief executive officer of the Company, is a nominated beneficiary.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Exchange**”) since February 5, 2013.

These consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**” or “**HKD**”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the “**Board**”) on March 26, 2026.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The summary of material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Exchange. The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments which are measured at fair value, as explained in the accounting policies set out below.

The preparation of the consolidated financial statements in accordance with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosure

(a) *Amended standards and interpretation adopted by the Group*

The HKICPA has issued amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21

Lack of Exchangeability

As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group’s presentation currency were, exchangeable, the amendments did not have any impact on the Group’s financial statements. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosure (Continued)

(b) *New standards, interpretations and amendments not yet effective*

There are a number of new, revised, amendments to standards which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-Dependent Electricity ¹

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

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

³ No mandatory effective date yet determined but available for adoption

The Group expects the adoption of these amendments will not have any significant impact on its operations or consolidated financial statements.

2.2 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.3 Structured entity

The Group controls a structured entity, the trust constituted by the trust deed, which is set up solely for the purpose of purchasing, administering and holding the Company shares for an employees' share award scheme. As the Group has the power to direct the relevant activities of the trust and it has the ability to use its power over the trust to affect its exposure to returns, the assets and liabilities of trust are included in the consolidated statement of financial position and the Company shares held by the trust are presented as a deduction in equity as shares held for share award scheme.

2.4 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 each entity operates (the "functional currency"). The consolidated financial statements are presented in HKD, which is the Company's functional currency and the Company's and the Group's presentation currency.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss ("FVTPL") are recognized in profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting date;
- income and expenses for each statement of comprehensive income 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 dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

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. Exchange differences arising are recognized in other comprehensive income.

2.5 Property, plant and equipment

Depreciation of property, plant and equipment, other than construction in progress, is calculated using straight-line method to allocate their costs, less their estimated residual value, if any, over their estimated useful lives, as follows:

Buildings	10–20 years
Plant and machinery	3–10 years
Office equipment	3–5 years
Furniture and fixtures	5 years
Motor vehicles	4–10 years

Construction in progress, which includes direct expenditures for construction of buildings, is stated at cost. Capitalized costs include costs incurred during the construction phase which directly relates to the asset under construction. Once all the activities necessary to prepare an asset to be available for its intended use are substantially completed, the construction in progress is transferred to property, plant and equipment. No depreciation is provided in respect of construction in progress.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.6 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial instruments

2.7.1 Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain on derecognition is recognized in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

2.7.2 Impairment loss on financial assets

The Group recognizes loss allowances for expected credit loss (“ECL”) on trade receivables and financial assets measured at amortized cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that a more lagging default criteria is more appropriate.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (2) the financial asset is more than 90 days past due or unless the Group has reasonable and supportable information that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

2.7.3 Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortized costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized in profit or loss.

Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

2.7.4 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

2.7.5 Derecognition

The Group derecognizes a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognized initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognized in profit or loss for the year.

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

2.9 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily revertible into known amounts of cash are subject to an insignificant risk of change in value.

2.10 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.11 Current income tax

The tax expense for the year comprises current income tax. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.12 Revenue recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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 control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or service.

Sales of goods

Customers obtain control of the aluminium products when the goods are delivered to and have been accepted. Revenue is thus recognized when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable from immediate to 90 days.

Other income

- Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.13 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized 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 each reporting period.

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

(b) Pension obligations

The Group participates in defined contribution schemes which are available to eligible employees, the assets of which are held in separate trustee administered funds. The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

The Group also participates in the employee social security plan (the "Plan") as required by the regulations in the PRC. The Group is required to make welfare contributions to the Plan which is based on a certain percentage of the employees' relevant income.

(c) Bonus plans

The Group recognizes a liability and an expense for bonus plans that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliges or where there is a past practice that has created a constructive obligation.

(d) Equity-settled share-based payment transactions

Share options

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognized in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognized in profit or loss over the remaining vesting period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.14 Leases

All leases (irrespective of they are operating leases or finance leases) are required to be capitalized in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Group has elected not to recognize right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognized at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased a number of properties under tenancy agreements which the Group exercises its judgment and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognized at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.15 Government grants and subsidies

Grants and subsidies from government are recognized at their fair value where there is a reasonable assurance that the grants and subsidies will be received and the Group will comply with all attached conditions.

Under these circumstances, the grants and subsidies are recognized as income or matched with the associated costs which the grants and subsidies are intended to compensate.

Government grants relating to the right-of-use assets are deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group is not exposed to material equity price risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group's management regularly monitors the exposures and implements timely and effective policies to mitigate potential risks. Risk management is carried out by the group treasury department under policies approved by the Board. Financial risks are identified and evaluated in different units with close cooperation with the group treasury. Based on the policies, the Group can also use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

Foreign exchange risk

The Group mainly operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi ("**RMB**") and Australian Dollar ("**AUD**"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

As at December 31, 2024, the Group had certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The results of net foreign exchange difference arise from relevant foreign currencies denominated trade and other receivables and cash and cash equivalents. The Group's exposure to different currencies is disclosed in the following table:

	2024 Increase/ (decrease) on profit for the year HK\$'000
<hr/>	
For companies with HKD as their functional currency:	
RMB weakens against HKD by 10%	(20,194)
RMB strengthens against HKD by 10%	20,194
For companies with HKD as their functional currency:	
AUD weakens against HKD by 10%	(6,047)
AUD strengthens against HKD by 10%	6,047
	<hr/>

As at December 31, 2025, the management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits and fair value interest rate risk in relation to fixed-rate borrowings. The Group currently does not have a policy to hedge against the interest rate risk as management does not expect any significant interest rate risk as at the end of the reporting period.

No interest rate sensitivity is disclosed as in the opinion of the directors of the Company as the exposure of cash flow interest rate risk arising from variable-rate bank deposits and fixed-rate borrowings is insignificant.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Commodity price risk on aluminium

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. Any change in prices of aluminium could affect the Group's financial performance. The Group has entered into future contracts traded on the Shanghai Futures Exchange in order to mitigate the risk arising from fluctuation in aluminium price.

During the year ended December 31, 2025, the Group recognized a total gain from changes in fair value of derivative financial instruments of approximately HK\$55,000 (year ended December 31, 2024: HK\$3,238,000). As at December 31, 2025, the Group held future contracts which will mature from January to February 2026 (December 31, 2024: January to March 2025). Management considers the fluctuation on the commodity price of aluminium does not have a material impact on the Group's earnings and cash flows in the long run.

The future contracts were measured at fair value and under level 1 of fair value hierarchy. As at December 31, 2025, the fair value of outstanding future contracts was a gain of HK\$60,000 (December 31, 2024: a loss of HK\$1,881,000).

(b) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, these evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Normally, the Group does not obtain collateral from customers.

The credit risk is characterized by high concentration of business with several customers. At the end of reporting period, the Group has no concentration of credit risk (2024: 35%) and has concentration of credit risk as 23% (2024: 55%) of the total trade receivables due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

In respect of other receivables, the management makes periodic assessment on the recoverability based on reasonable and supportive forward-looking information. Except for the other receivables which are assessed to be credit-impaired and thus are assessed for impairment individually, the management believes that there is no significant increase in credit risk of the remaining other receivables since initial recognition and the Group provided impairment based on 12 months ECL. For the year ended December 31, 2025, the Group assessed the ECL for other receivables and loss allowance of HK\$5,012,000 was recognized under the ECLs model. For the year ended December 31, 2024, no impairment loss was recognized under the ECLs model.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at December 31, 2024 and 2025:

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
At December 31, 2025				
Current	0.45%	63,554	283	63,271
1–30 days	7.81%	9,278	725	8,553
31–60 days	34.17%	–	–	–
61–90 days	56.92%	–	–	–
91–180 days	93.34%	348	325	23
181 days – 1 year	100.00%	2,037	2,037	–
More than 1 year	100.00%	131,869	131,869	–
		207,086	135,239	71,847

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
At December 31, 2024				
Current	0.58%	211,078	1,224	209,854
1–30 days	7.16%	14,160	1,014	13,146
31–60 days	32.09%	822	264	558
61–90 days	49.18%	5,470	2,690	2,780
91–180 days	97.41%	4,322	4,210	112
181 days – 1 year	100.00%	–	–	–
More than 1 year	100.00%	120,368	120,368	–
		356,220	129,770	226,450

3 FINANCIAL RISK MANAGEMENT (Continued)**3.1 Financial risk factors (Continued)****(b) Credit risk (Continued)**

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of year	129,770	132,796
Impairment loss/(reversal of impairment loss) recognized during the year	5,447	(2,989)
Exchange differences	22	(37)
Balance at end of year	135,239	129,770

The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Management believes that the credit risk related to these customers is not significant in respect of the net trade receivables.

Settlements from the customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified and follow-up action is taken to recover the overdue debts.

The credit risks on pledged bank deposits, time deposits with original maturity over three months and cash and cash equivalents are limited because the counterparties are reputable and creditworthy banks.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of an adequate amount of credit facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining years at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
At December 31, 2025					
Borrowings	95,513	96,868	96,868	–	–
Trade, bills and other payables	66,694	66,694	66,694	–	–
Lease liabilities	2,450	2,621	1,566	660	395

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
At December 31, 2024					
Borrowings	251,633	253,170	253,170	–	–
Trade, bills and other payables	106,004	106,004	106,004	–	–
Lease liabilities	23,629	25,983	10,236	8,909	6,838

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The gearing ratios of the Group as at December 31, 2024 and 2025 were as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Total borrowings	95,513	251,633
Less: Cash and cash equivalents	(59,313)	(290,996)
Net debt	36,200	N/A
Total equity	688,226	731,900
Total capital and net debt	724,426	N/A
Gearing ratio	5%	N/A

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short maturity.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Save as disclosed in Note 2.1, the estimates and assumptions 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) Provision for impairment of receivables

The loss allowances for financial assets are based on assumptions about risk of default and ECLs rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The carrying amount and impairment of trade receivables are disclosed in Note 3.1(b) and Note 20.

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

The Group's major operating assets represent property, plant and equipment and right-of-use assets which are carried at cost less depreciation and impairment. Management performs review for impairment of the property, plant and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. These calculations require significant judgement by management on the estimation of the prices at which an orderly transaction between market participants to sell these assets would take place at measurement date. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

5 REVENUE AND SEGMENT INFORMATION

(a) Reportable segments

The executive director (“ED”) of the Company, being the chief operating decision maker, regularly review operating segments based on reports that are used to make strategic decisions. The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the ED the Company and no analysis of product segment is presented.

The Group’s reporting segment derives revenue primarily from manufacture and trading of aluminium products. Business segment information is not considered necessary other than the Group’s result and financial position as a whole by the ED of the Company.

(b) Geographical information

The tables below present geographical segment information. The Group derives revenue from manufacture and trading of aluminium products at a point in time in the following geographical regions:

	Year ended December 31, 2025 HK\$’000	Year ended December 31, 2024 HK\$’000
Primary geographical markets		
The PRC	170,054	230,713
Australia	12,955	26,456
Vietnam	158,543	606,961
Canada	17,162	45,909
Others	1,065	7,140
Total	359,779	917,179
Time of revenue recognition		
At a point in time	359,779	917,179

The Group’s sales contracts generally have an original expected duration of one year or less and accordingly, the Group has applied the practical expedient in HKFRS 15 not to disclose the transaction price allocated to the remaining performance obligations for the contracts existed at the end of the reporting period that has an original expected duration of one year or less.

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

The geographical locations of non-current assets are determined based on the countries of domicile of the companies now comprising the Group. The total of non-current assets located in respective geographical locations is as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
The PRC	535,658	581,783
Hong Kong	1,976	3,495
Thailand	1,343	21,343
	538,977	606,621

(c) Information about major customers

Details of customers accounting for 10% or more of total revenue are as follows:

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Customer A	158,376	606,961
Customer B (Note)	81,024	N/A
Customer C (Note)	39,261	N/A

Note: The corresponding customers did not contribute over 10% of the total revenue for the year ended December 31, 2024.

6 (LOSS)/PROFIT BEFORE INCOME TAX

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

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Auditor's remuneration	1,800	2,480
Cost of inventories recognized as expenses	337,266	752,939
(Gain)/loss on disposal of property, plant and equipment, net (Note 30(b))	(60)	912
Employee benefit expenses (Note 7)	76,046	86,870
Depreciation:		
– Owned property, plant and equipment (Note 15)	55,820	58,401
– Right-of-use assets (Note 16)	8,746	8,619
Written off of prepayments	16,248	–
Impairment loss/(reversal of impairment loss) on trade and other receivables (Note 3.1(b))	10,459	(2,989)
Legal and professional fees	6,121	6,379
Research and development expenses (included in administrative expenses)	26,449	45,779

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) AND FIVE HIGHEST PAID INDIVIDUALS

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Wages and salaries	63,667	75,368
Contributions to retirement benefits scheme	9,718	8,585
Other benefits	2,661	2,917
	76,046	86,870

For the years ended December 31, 2024 and 2025, there were neither contributions forfeited by the Group nor had there been any utilization of such forfeited contributions to reduce future contributions. As at December 31, 2024 and 2025, there were no forfeited contributions which were available for utilization by the Group to reduce the existing level of contributions to the government defined contribution retirement benefit scheme.

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, 2 (year ended December 31, 2024: 2) were directors of the Company whose emoluments are included in the disclosures in Note 8. The emoluments of the remaining 3 (year ended December 31, 2024: 3) individuals were as follows:

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Salaries and other allowances and benefits	1,982	2,416
Contributions to defined contribution plan	50	54
	2,032	2,470

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

Five highest paid individuals (Continued)

Their emoluments were within the following band:

	Year ended December 31, 2025 No. of individuals	Year ended December 31, 2024 No. of individuals
Nil to HK\$1,000,000	3	3

The emoluments paid or payable to members of senior management (excluding directors) were within the following band:

	Year ended December 31, 2025 No. of individuals	Year ended December 31, 2024 No. of individuals
Nil to HK\$1,000,000	2	3

During the year ended December 31, 2025, none of the directors of the Company or the five highest paid individuals of the Group (i) received any emolument from the Group as an inducement to join or upon joining the Group; (ii) received any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments (year ended December 31, 2024: Same).

8 BENEFITS AND INTERESTS OF DIRECTORS

The emoluments of individual directors of the Company during the years ended December 31, 2024 and 2025 were set out as follows:

Year ended December 31, 2025

Name of Directors	Fee HK\$'000	Salaries and allowance HK\$'000	Share award scheme HK\$'000	Share option scheme HK\$'000	Discretionary and retirement bonus HK\$'000	Contributions to defined contribution plan HK\$'000	Total HK\$'000
Executive Directors:							
Mr. Pan Zhaolong	–	2,648	–	–	–	187	2,835
Mr. Ho Pak Yiu (Note i)	–	1,595	–	–	–	18	1,613
Non-executive Director:							
Ms. Lam Yuen Man Maria (Note ii)	466	–	–	–	–	–	466
Independent non-executive Directors:							
Dr. Cheung Wah Keung	240	–	–	–	–	–	240
Mr. Chan Kai Nang	240	–	–	–	–	–	240
Mr. Man Yiu Kwong Nick	240	–	–	–	–	–	240
	1,186	4,243	–	–	–	205	5,634

8 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

Year ended December 31, 2024

Name of Directors	Fee HK\$'000	Salaries and allowance HK\$'000	Share award scheme HK\$'000	Share option scheme HK\$'000	Discretionary and retirement bonus HK\$'000	Contributions to defined contribution plan HK\$'000	Total HK\$'000
Executive Directors:							
Mr. Pan Zhaolong	-	2,140	-	-	-	18	2,158
Mr. Ho Pak Yiu	-	1,723	-	-	-	18	1,741
Non-executive Director:							
Ms. Lam Yuen Man Maria (Note ii)	240	-	-	-	-	-	240
Independent non-executive Directors:							
Dr. Cheung Wah Keung	240	-	-	-	-	-	240
Mr. Chan Kai Nang	240	-	-	-	-	-	240
Mr. Man Yiu Kwong Nick	240	-	-	-	-	-	240
	960	3,863	-	-	-	36	4,859

Notes:

- (i) Mr. Ho Pak Yiu resigned as an executive director on November 6, 2025.
- (ii) Ms. Lam Yuen Man Maria was appointed as a non-executive director on July 1, 2024.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Group and/or in their capacity as directors of the companies comprising the Group during the year ended December 31, 2025 (year ended December 31, 2024: Same).

9 OTHER INCOME

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Government grants ⁽ⁱ⁾	1,152	2,149
Scrap sales	5,205	2,019
Rental income	890	–
Other tax refund	447	–
Write back of other payables	2,867	–
Others	606	729
	11,167	4,897

- (i) For the year ended December 31, 2025, government grants mainly include HK\$862,000 (year ended December 31, 2024: HK\$1,858,000) received from the PRC government for export, research and development activities. There were no unfulfilled conditions or contingencies related to these grants. The remaining amounts were transferred from deferred income to consolidated statement of comprehensive income during the respective year.

10 OTHER GAINS – NET

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Net exchange gains	3,349	133
Effect of lease modification (Note 16)	(610)	(2)
Gain from changes in fair value of derivative financial instruments	55	3,238
Gain on deregistration of a subsidiary	1,087	–
	3,881	3,369

11 FINANCE INCOME — NET

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Interest income:		
Interest income on bank deposits	7,968	16,762
Finance income	7,968	16,762
Interest expenses:		
Interest expense on borrowings	(5,580)	(9,306)
Interest expense on lease liabilities (Note 16)	(387)	(299)
Finance costs	(5,967)	(9,605)
Finance income – net	2,001	7,157

12 INCOME TAX CREDIT

For the year ended December 31, 2025, no provision for Hong Kong profits tax has been provided as there is no assessable profit arising in Hong Kong. For the year ended December 31, 2024, no provision for Hong Kong profits tax has been provided as there is sufficient tax losses to offset with the assessable profits.

The Group's operations in the PRC are subject to the PRC corporate income tax. For the year ended December 31, 2025, no provision for PRC corporate income tax has been provided as is no assessable profit arising in the PRC (year ended December 31, 2024: Same). The standard PRC corporate income tax rate was 25% for the years ended December 31, 2024 and 2025. One of the PRC subsidiaries of the Company was qualified as a High and New Technology Enterprise in December 2022 and was entitled to enjoy a preferential income tax rate of 15% for the years ended December 31, 2024 and 2025.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

12 INCOME TAX CREDIT (Continued)

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Hong Kong profits tax		
– current year	–	–
Overseas taxation		
– current year	–	3,847
– Over-provision in respect of prior years	(47,562)	(23,060)
	(47,562)	(19,213)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the companies comprising the Group as follows:

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
(Loss)/profit before income tax	(106,687)	8,868
Tax calculated at Hong Kong profits tax rate	(17,603)	1,463
Income not subject to tax	(1,780)	(2,935)
Expenses not deductible for tax purposes	3,178	4,953
Deduction of research and development cost	(3,967)	(6,867)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,229	(1,758)
Tax losses for which no deferred income tax asset was recognized	17,079	11,205
Utilization of tax losses previously not recognized	–	(2,599)
Over-provision in respect of prior years	(47,562)	(23,060)
Other temporary differences not recognized	864	385
Income tax credit	(47,562)	(19,213)

As at December 31, 2025, the Group had unused tax losses arising in Hong Kong of approximately HK\$102,623,000 (December 31, 2024: HK\$59,346,000) which are available for offset against future taxable profits of the Group. These tax losses do not expire under current tax legislation and are subject to agreement by the Inland Revenue Department. As at December 31, 2025, the Group had unused tax losses arising in PRC of approximately HK\$504,372,000 (December 31, 2024: HK\$511,951,000) which are available for offset against future taxable profits of the Group in which the losses arose for a period of five years. Deferred tax assets have not been recognized in respect of these losses as they have arisen in the group companies that have been loss-making for some years.

As at December 31, 2025, the subsidiaries have no unremitted earnings with deferred income tax liability arising thereon. Management is of the view that unremitted earnings are intended for re-investment in the PRC and there is no current plan for distribution (December 31, 2024: Same).

13 (LOSSES)/EARNINGS PER SHARE

Basic

Basic (losses)/earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31, 2025	Year ended December 31, 2024
(Losses)/earnings attributable to owners of the Company (HK\$'000)	(59,125)	28,081
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	1,199,405	1,199,405

Diluted

For the years ended December 31, 2024 and 2025, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since their exercise price exceeded average market price, and such options result in no dilutive effect on (losses)/earnings per share.

14 DIVIDENDS

No dividend has been paid or declared by the Company during the year ended December 31, 2025 (year ended December 31, 2024: Nil).

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Year ended December 31, 2024							
Opening net book amount	210,514	196,450	3,577	927	1,712	12,165	425,345
Exchange differences	(3,040)	(1,839)	(20)	–	(35)	(233)	(5,167)
Additions	621	653	755	–	411	–	2,440
Transfers from construction in progress	1,237	3,494	–	–	–	(4,731)	–
Disposal (Note 30(b))	–	(1,181)	(9)	–	(93)	–	(1,283)
Depreciation (Note 6)	(21,634)	(34,977)	(1,445)	(195)	(150)	–	(58,401)
Closing net book value	187,698	162,600	2,858	732	1,845	7,201	362,934
At December 31, 2024							
Cost	332,043	681,600	24,055	2,470	11,226	7,201	1,058,595
Accumulated depreciation and impairment	(144,345)	(519,000)	(21,197)	(1,738)	(9,381)	–	(695,661)
Net book amount	187,698	162,600	2,858	732	1,845	7,201	362,934
Year ended December 31, 2025							
Opening net book amount	187,698	162,600	2,858	732	1,845	7,201	362,934
Exchange differences	4,059	3,448	29	–	36	237	7,809
Additions	–	4,502	161	–	330	465	5,458
Transfers from construction in progress	–	25	–	–	–	(25)	–
Disposal (Note 30(b))	–	(3,089)	(17)	–	–	(77)	(3,183)
Depreciation (Note 6)	(21,357)	(32,562)	(1,314)	(195)	(392)	–	(55,820)
Closing net book value	170,400	134,924	1,717	537	1,819	7,801	317,198
At December 31, 2025							
Cost	339,825	684,782	24,120	2,476	11,691	11,499	1,074,393
Accumulated depreciation and impairment	169,425	549,858	22,403	1,939	9,872	3,698	757,195
Net book amount	170,400	134,924	1,717	537	1,819	7,801	317,198

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

As at December 31, 2025, the net book value of buildings with net book value of HK\$58,596,000 (December 31, 2024: HK\$114,450,000) were pledged as securities for the Group's borrowing facilities (Note 28).

Depreciation expense of the Group's property, plant and equipment has been charged to the consolidated statement of comprehensive income as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Cost of sales	47,877	49,734
Administrative expenses	7,943	8,667
	55,820	58,401

As at December 31, 2025, all buildings are located in the PRC (December 31, 2024: Same).

16 LEASES

This note provides information for leases where the group is a lessee.

Right-of-use assets and lease liabilities

- (i) Amount recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

Reconciliation of right-of-use assets	Buildings HK\$'000	Land use rights HK\$'000	Total HK\$'000
At January 1, 2024	3,005	226,053	229,058
Additions	23,548	–	23,548
Effect of lease modification (Note 10)	(341)	–	(341)
Depreciation for the year (Note 6)	(2,877)	(5,742)	(8,619)
Exchange differences	731	(2,481)	(1,750)
At December 31, 2024 and January 1, 2025	24,066	217,830	241,896
Additions	2,967	–	2,967
Effect of lease modification (Note 10)	(23,489)	–	(23,489)
Depreciation for the year (Note 6)	(2,851)	(5,895)	(8,746)
Exchange differences	1,797	5,011	6,808
At December 31, 2025	2,490	216,946	219,436

16 LEASES (Continued)

Right-of-use assets and lease liabilities (Continued)

(i) Amount recognized in the consolidated statement of financial position (Continued)

As at December 31, 2025, right-of-use assets with net book value of HK\$108,321,000 (December 31, 2024: HK\$78,644,000) were pledged as securities for the Group's borrowing facilities (Note 28).

Reconciliation of lease liabilities	Buildings HK\$'000
At January 1, 2024	2,834
Additions	23,548
Effect of lease modification (Note 10)	(339)
Interest	299
Lease payments	(3,130)
Interest paid	(299)
Exchange differences	716
At December 31, 2024 and January 1, 2025	23,629
Additions	2,967
Effect of lease modification (Note 10)	(22,879)
Interest	387
Lease payments	(2,842)
Interest paid	(387)
Exchange differences	1,575
At December 31, 2025	2,450

16 LEASES (Continued)

Right-of-use assets and lease liabilities (Continued)

(i) Amount recognized in the consolidated statement of financial position (Continued)

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Lease liabilities		
Current	1,456	8,858
Non-current	994	14,771
	2,450	23,629

(ii) Amount recognized in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
<i>Notes</i>		
Depreciation charge of right-of-use assets		
Buildings	2,851	2,877
Land use rights	5,895	5,742
<i>6</i>	8,746	8,619
Interest expense (included in finance cost)	387	299
<i>11</i>		

16 LEASES (Continued)

Right-of-use assets and lease liabilities (Continued)

(iii) Future lease payments are due as follows:

	Minimum lease payments December 31, 2025 HK\$'000	Interest December 31, 2025 HK\$'000	Present value December 31, 2025 HK\$'000
Not later than one year	1,566	110	1,456
Later than one year and not later than two years	660	50	610
Later than two years and not later than five years	395	11	384
	2,621	171	2,450

	Minimum lease payments December 31, 2024 HK\$'000	Interest December 31, 2024 HK\$'000	Present value December 31, 2024 HK\$'000
Not later than one year	10,236	1,378	8,858
Later than one year and not later than two years	8,909	763	8,146
Later than two years and not later than five years	6,838	213	6,625
	25,983	2,354	23,629

(iv) The Group's leasing activities

The Group leases various offices, warehouses and factories. The Group also holds land use rights where the Group is the registered owner of these property interests. Lump sum payments were made upfront to acquire the interest in land use rights in the PRC. Rental contracts are typically made for fixed periods of three years, but may have extension options as described in (v) below.

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 other than security interests in the leased assets that are held by the lessor. Leased assets, except for the land use rights in the PRC, are not be used as security for borrowing purposes.

(v) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

17 SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITY

(a) Particulars of principal subsidiaries

The following is a list of the principal subsidiaries at December 31, 2025, which principally affected the results, assets or liabilities of the Group:

Name of company	Place of incorporation/ establishment and kind of legal entity	Issued and fully paid share capital/registered capital	Equity interest	Principal activities and place of operations
PanAsia Aluminium (Hong Kong) Limited	Hong Kong, limited liability company	1,010,000 ordinary shares of HK\$1 each	100% (indirect)	Trading and distribution of aluminium products/ Hong Kong
PanAsia Aluminium Limited ("PAAL")	Hong Kong, limited liability company	10,000 ordinary shares of HK\$1 each	100% (indirect)	Investment holding and provision of management services/Hong Kong
PanAsia Aluminium (China) Ltd.# ("PACL")	The PRC, limited liability company	Registered capital of USD106,800,000 and paid-up capital of USD106,800,000	100% (indirect)	Trading of aluminium products/the PRC
PanAsia Enterprises (Nanyang) Company Limited# ("PANY")	The PRC, limited liability company	Registered capital of USD228,920,000 and paid-up capital of USD179,366,654	100% (indirect)	Manufacturing and trading of aluminium products/ the PRC

The English names of certain subsidiaries referred in the above represent the best efforts by management of the Company in translating their Chinese names as they do not have official English names.

(b) Controlled structured entity

The Group controls a structured entity which operates in Hong Kong, particulars of which are as follows:

Structured entity	Principal activities
Employees' share award scheme (Employee share trust)	Purchases, administers and holds the Company shares for the share award scheme for the benefit of the Group's eligible employees

As the employee share trust is set up solely for the purpose of purchasing, administering and holding Company's shares for the share award scheme, the Company has the power to direct the relevant activities of the employee share trust and it has the ability to use its power over the employee share trust to affect its exposure to returns. Therefore, the assets and liabilities, if any, of employee share trust are included in the consolidated and company statements of financial position and the Company's shares it held are presented as a deduction in equity as shares held for share award scheme.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortized cost HK\$'000
Assets as per consolidated statement of financial position	
December 31, 2025	
Trade receivables (Note 20)	71,847
Deposits and other receivables	59,688
Pledged bank deposits (Note 22)	85,812
Time deposits with original maturity over three months (Note 22)	37,812
Cash and cash equivalents (Note 22)	59,313
Total	314,472
December 31, 2024	
Trade receivables (Note 20)	226,450
Deposits and other receivables	76,562
Pledged bank deposits (Note 22)	34,835
Time deposits with original maturity over three months (Note 22)	78,000
Cash and cash equivalents (Note 22)	290,996
Total	706,843

18 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Other financial liabilities at amortized cost HK\$'000
Liabilities as per consolidated statement of financial position	
December 31, 2025	
Trade payables (Note 27)	8,984
Other payables and accrued charges	57,710
Lease liabilities (Note 16)	2,450
Borrowings (Note 28)	95,513
Total	164,657
December 31, 2024	
Trade payables (Note 27)	12,313
Other payables and accrued charges	93,691
Lease liabilities (Note 16)	23,629
Borrowings (Note 28)	251,633
Total	381,266

114

19 INVENTORIES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Raw materials	18,346	19,592
Work-in-progress	38,950	36,926
Finished goods	18,367	8,890
Total inventories	75,663	65,408

20 TRADE RECEIVABLES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Trade receivables	207,086	356,220
Less: impairment loss recognized (<i>Note 3.1(b)</i>)	(135,239)	(129,770)
Trade receivables – net	71,847	226,450

The carrying amounts of these receivables approximate their fair values. The Group's sales are mainly made on (i) cash on delivery; and (ii) credit terms of 30 to 90 days (December 31, 2024: Same). The Group does not hold any collateral as security.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

As at December 31, 2025, the ageing analysis of the trade receivables based on due date was as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Current	63,271	209,854
1–30 days	8,553	13,146
31–60 days	–	558
61–90 days	–	2,780
91–180 days	23	112
	71,847	226,450

As at December 31, 2025, receivables of HK\$63,271,000 were neither past due nor impaired (December 31, 2024: HK\$209,854,000). These receivables relate to customers for whom there is no recent history of default. The remaining receivables were past due, which related to a number of independent customers that have a good track record of payment with the Group.

As at December 31, 2025, all trade receivables were non-interest bearing (December 31, 2024: Same).

20 TRADE RECEIVABLES (Continued)

As at December 31, 2025, the carrying amounts of the Group's trade receivables are denominated in the following currencies:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
AUD	94	754
RMB	50,798	212,423
USD	20,955	11,441
Others	–	1,832
	71,847	226,450

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at December 31, 2025, breakdown of prepayments, deposits and other receivables was as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Current portion:		
Prepayments to suppliers for purchases of materials, net	5,794	19,009
Receivables from the disposal of the land of Zengcheng ⁽ⁱ⁾	43,025	42,040
Receivables from the disposal of a subsidiary, net ⁽ⁱ⁾	4,743	9,755
Amount due from a financial institution ⁽ⁱⁱ⁾	3,356	18,417
Others	21,982	22,498
	78,900	111,719
Non-current portion:		
Prepayments for property, plant and equipment	2,343	1,791
Total	81,243	113,510

(i) As at December 31, 2024 and 2025, receivables from the disposal of the land of Zengcheng and from a subsidiary were unsecured, interest free, and were expected to be recovered within 12 months after the reporting period. During the year ended December 31, 2025, loss allowance of HK\$5,012,000 was recognized under the ECLs model for receivables from the disposal of a subsidiary.

(ii) As at December 31, 2025, amount due from a financial institution amounting to HK\$3,356,000 (December 31, 2024: HK\$18,417,000) resulting from the net settlements of derivative financial instruments which were in closed-out positions at the end of reporting period.

22 CASH AND CASH EQUIVALENTS, TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS AND PLEDGED BANK DEPOSITS

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Cash on hand	179	28
Cash at bank	31,669	92,662
Time deposits – Current	27,465	198,306
Cash and cash equivalents	59,313	290,996
Time deposits with original maturity over three months – Current	37,812	78,000
Pledged bank deposits – Current	85,812	34,835
	182,937	403,831

As at December 31, 2025, bank deposits of HK\$78,000,000 (December 31, 2024: Nil) and HK\$7,812,000 (December 31, 2024: HK\$34,835,000) were pledged as securities for a standby letter of credit in favour of the lending bank and the Group's borrowing facilities (Note 28).

The cash and cash equivalents, time deposits with maturity over three months and pledged bank deposits are denominated in the following currencies:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
HKD	4,242	1,963
AUD	1,402	60,277
RMB	33,148	169,295
USD	128,680	160,953
British Pounds	13,474	11,329
Others	1,991	14
	182,937	403,831

23 SHARE CAPITAL

	Ordinary shares of HK\$0.10 each	
	Number of shares	HK\$'000
Authorized:		
As at January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025	2,400,000,000	240,000
Issued and fully paid:		
As at January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025	1,200,000,000	120,000

24 SHARE AWARD SCHEME

Since March 3, 2014, the Group's share award scheme has been in effect. The terms of the share award scheme provide for shares in the Company to be awarded to employees of the Group (including the executive director) as part of their compensation package.

On April 7, 2014, following the Board's decision to award a sum of up to HK\$10 million, the awarded shares are purchased from the market. Before vesting, the awarded shares are held in a trust set up by the share award scheme.

On March 1, 2024 ("**Amendment Date**"), the Company has amended the Share Award Scheme by way of adopting the Scheme Rules (as amended and restated). The Share Award Scheme was adopted on March 3, 2014 which is valid and effective for a term of ten years from its adoption date, subject to any early termination as may be determined by the Board.

Pursuant to the rules of the Share Award Scheme, the Share Award Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected employee. The maximum number of Shares to be purchased by the trustee shall not exceed five per cent. (5%) of the issued share capital of the Company as at the Amendment Date, i.e. 60,000,000 Shares throughout the term of the Share Award Scheme. Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Amendment Date and ending on the tenth (10th) anniversary of the Amendment Date.

No awarded shares were awarded for the years ended December 31, 2024 and 2025.

During the years ended December 31, 2024 and 2025, the share award scheme did not acquire any Company's shares through purchases on the open market.

During the years ended December 31, 2024 and 2025, the share award scheme did not transfer any Company's shares to the awardees upon vesting of awarded shares.

As at December 31, 2025, 595,000 shares were held by the trustee representing approximately 0.05% of the issued share capital of the Company (December 31, 2024: Same).

25 SHARE OPTION SCHEME

(a) Equity-settled share option scheme

The Group maintained a share options scheme for employee or compensation. All share-based employee compensation was settled in equity. The Group had no legal or constructive obligations to repurchase or settle the options.

On January 18, 2013, a share option scheme (the “**Share Option Scheme**”) was adopted by the shareholders of the Company. The purpose of the Share Option Scheme is to grant options to eligible participants as incentives and rewards for their contribution or potential contribution to the success of the Group’s operations. Under the terms of the Share Option Scheme, the Board may, at its discretion, grant options to any full-time or part-time employee and any director of the Company or its subsidiaries, including any executive, non-executive or independent non-executive directors. The total number of shares which may fall to be issued upon exercise of all of the outstanding options granted and yet to be exercised under the Share Option Scheme and other schemes of the Company must not exceed 30% of the shares in issue from time to time. The Share Option Scheme will remain in force for a period of ten years commencing the date on which the scheme becomes unconditional. The Share Option Scheme was expired on January 18, 2023.

The definition of eligible person in the Share Option Scheme include any suppliers, consultants, agents, advisors and distributors who, in the sole discretion of the Board, have contributed or may contribute to the Group. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme, without prior approval from the Company’s shareholders. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point of time, without prior approval from the Company’s shareholders.

Options granted to independent non-executive directors in excess of 0.1% of the Company’s share capital or with a value in excess of HK\$5 million must be approved in advance by the Company’s shareholders.

Any grant of options to a connected person (including but not limited to a Director, chief executive or substantial shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

Where options are proposed to be granted to a connected person who is also a substantial shareholder or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of shareholders of the Company taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting.

The exercise price for shares under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event must be at least the higher of: (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of the Share on the date of grant. Any options granted under the Share Option Scheme shall end in any event not later than ten years from the Commencement Date (as defined in the Share Option Scheme). A nominal value of HK\$1.00 is payable on acceptance of each grant of options.

25 SHARE OPTION SCHEME (Continued)

(a) Equity-settled share option scheme (Continued)

Share options granted on December 23, 2019

On December 23, 2019, the Company granted share options to eligible participants to subscribe for a total of 61,200,000 ordinary shares of HK\$0.1 each (with exercise price of HK\$0.396 per share) in the share capital of the Company under the Share Option Scheme. The share options are exercisable for a period of ten years from the date of grant, subject to the vesting period as follows: (i) 60% of the share options be vested on the date of grant; and (ii) 40% of the share options be vested on the first anniversary of the date of grant. Details of the share options movements during the years ended December 31, 2024 and 2025 are as follows:

For the year ended December 31, 2025

Name or category of participant	Date of grant	Exercise period	Exercise price HK\$	Outstanding as at January 1, 2025	Granted during the year	Lapsed during the year	Surrendered during the year	Outstanding as at December 31, 2025
Directors								
Dr. Cheung Wah Keung	December 23, 2019	December 23, 2019 – December 22, 2029	0.396	1,200,000	-	-	-	1,200,000
Mr. Chan Kai Nang	December 23, 2019	December 23, 2019 – December 22, 2029	0.396	1,200,000	-	-	-	1,200,000
Subtotal				2,400,000	-	-	-	2,400,000
Others								
Employees	December 23, 2019	December 23, 2019 – December 22, 2029	0.396	8,032,000	-	(1,720,000)	-	6,312,000
Total				10,432,000	-	(1,720,000)	-	8,712,000

25 SHARE OPTION SCHEME (Continued)**(a) Equity-settled share option scheme (Continued)**

Share options granted on December 23, 2019 (Continued)

For the year ended December 31, 2024

Name or category of participant	Date of grant	Exercise period	Exercise price HK\$	Outstanding as at January 1, 2024	Granted during the year	Lapsed during the year	Surrendered during the year	Outstanding as at December 31, 2024
Directors								
Dr. Cheung Wah Keung	December 23, 2019	December 23, 2019 – December 22, 2029	0.396	1,200,000	–	–	–	1,200,000
Mr. Chan Kai Nang	December 23, 2019	December 23, 2019 – December 22, 2029	0.396	1,200,000	–	–	–	1,200,000
Subtotal				2,400,000	–	–	–	2,400,000
Others								
Employees	December 23, 2019	December 23, 2019 – December 22, 2029	0.396	8,432,000	–	(400,000)	–	8,032,000
Total				10,832,000	–	(400,000)	–	10,432,000

25 SHARE OPTION SCHEME (Continued)

(a) Equity-settled share option scheme (Continued)

Share options granted on December 23, 2019 (Continued)

The fair value of the share options granted to the directors and employees on December 23, 2019 were HK\$1,203,000 (HK\$0.0879 each) and HK\$2,897,000 (HK\$0.1301 each) respectively.

The following information is relevant in the determination of the fair value of options granted on December 23, 2019 under the Share Option Scheme:

Option pricing model used	Binomial Option Pricing Model
Share price	HK\$0.375
Exercise price	HK\$0.396
Expected volatility	48.523%
Expected dividend rate	—
Risk-free interest rate	1.695%

(b) Equity-settled service contract

Share options granted on December 23, 2019

On July 1, 2019, the Company entered into a service contract with the consultant to appoint him as the Group's sales and marketing relations consultant for a term of 12 months (effective on the date of service rendered). In consideration of the services provided by the consultants, the Company granted 10,800,000 share options that are exercisable from December 23, 2019 to December 22, 2029. The share options are exercisable for a period of ten years from the date of grant, subject to the vesting period as follows: (i) 60% of the share options be vested on the date of grant; and (ii) 40% of the share options be vested on the first anniversary of the date of grant.

The fair value of the services on December 23, 2019, at grant date, were HK\$570,000, which was based on terms and conditions stated in the services contract.

The weighted average remaining contractual life was 3.98 years (2024: 4.98 years). No share options has been exercised for the years ended December 31, 2024 and 2025.

During the year ended December 31, 2025, 1,720,000 share options (year ended December 31, 2024: 400,000) have been lapsed and accordingly the corresponding share option reserve amounted to HK\$234,000 (year ended December 31, 2024: HK\$54,000) was released to the Group's accumulated losses.

26 RESERVES

The amounts of the Group's reserves and the movements therein for the years ended December 31, 2024 and 2025 are presented in the consolidated statement of changes in equity.

The statutory reserves are set up by the Company's subsidiary, by way of appropriation from the profit for the year in accordance with the relevant laws and regulations.

In the PRC, the subsidiary which is incorporated in the PRC, is required to allocate at least 10% of its net profit for each voting period as reported in its PRC statutory accounts to the statutory reserves until such reserve reaches 50% of registered capital. The reserve is designated for statutory surplus reserve fund and an enterprise expansion fund which are non-distributable. The statutory surplus reserve fund can be used to make up its prior years' losses, if any, and can be applied in conversion into capital by means of capitalization issue. The enterprise expansion fund can be used for expanding its capital base, by means of capitalization issue.

27 TRADE PAYABLES, CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUED CHARGES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Trade payables	8,984	12,313
Contract liabilities (Note)	10,858	9,542
Accrued employee benefit expenses	27,073	46,793
Accrued operating expenses	14,172	29,699
Payable for purchase of property, plant and equipment	4,548	4,979
Other payables and accruals	11,917	12,220
Total contract liabilities, other payables and accrued charges	68,568	103,233

As at December 31, 2025, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
0–30 days	4,520	7,241
31–60 days	509	2,363
61–90 days	17	439
Over 90 days	3,938	2,270
	8,984	12,313

The carrying amounts of the Group's trade payables are denominated in RMB.

Note:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Contract liabilities arising from:		
Sale of aluminium goods	10,858	9,542

Typical payment terms which impact on the amount of contract liabilities are as follows:

Sale of aluminium goods

For sale of goods, the Group may take a deposit on acceptance of the order, with the remainder of the consideration payable when the customers accepted the goods. The remainder of the consideration is classified as a contract liability until such time as the goods are accepted by the customers.

27 TRADE PAYABLES, CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUED CHARGES (Continued)

Note: (Continued)

Movements in contract liabilities

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of year	9,542	8,165
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(3,284)	(7,969)
Increase in contract liabilities as a result of receiving deposits	4,197	9,454
Exchange differences	403	(108)
Balance at end of year	10,858	9,542

The contract liabilities as at December 31, 2025 were expected to be recognized as revenue in the next 12 months.

28 BORROWINGS

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Current		
Bank loans	95,513	251,633
Total	95,513	251,633

As at December 31, 2025, the effective interest rate of the interest-bearing borrowings was 3.21% per annum (December 31, 2024: 4.03% per annum).

The carrying amounts of all borrowings are carried at amortized cost and approximate their fair values which carry interest at fixed rates.

The carrying amounts of the borrowings are denominated in RMB.

28 BORROWINGS (Continued)

The Group had the following undrawn borrowing facilities:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Expiring within one year	104,449	26,044

As at December 31, 2025, the undrawn remaining facilities are annual facilities subject to review at various dates during the year ending December 31, 2026.

As at December 31, 2025, the Group's borrowing facilities were secured by the following:

- (i) guarantees of the Company and a subsidiary of the Company (December 31, 2024: Guarantees of the Company);
- (ii) guarantees of a director of the Company (December 31, 2024: Same);
- (iii) pledge of the Group's certain property, plant and equipment (Note 15) and right-of-use assets (Note 16) (December 31, 2024: Same); and
- (iv) pledge of the Group's certain bank deposits (Note 22) (December 31, 2024: Same).

As at December 31, 2025, the Group had bank borrowings with an aggregate carrying amount of HK\$44,425,000, in respect of which the Group had breached certain financial covenant terms. The bank had not demanded early repayment of the borrowings nor taken any enforcement action. Subsequently to the year-end, the full amount of HK\$44,425,000 was settled upon its scheduled maturity dates on March 2, 2026 and March 10, 2026.

29 INCOME TAX LIABILITIES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Current	72,388	279,117

On August 13, 2020, PACL, a wholly owned subsidiary of the Company established in the PRC, entered into a land disposal agreement with the Planning and Natural Resources Bureau, the Land Reserve Centre and the Local Office of Zengcheng People's Government to dispose the land in Zengcheng held by the group by way of a public land auction under the Redevelopment Scheme (the "Land Disposal"). The Land Disposal was completed on December 28, 2020 and the compensation amount of the Land Disposal was RMB1,572,652,000 (equivalent to approximately HK\$1,778,816,000).

As at December 31, 2024, included in the current income tax liabilities of RMB192,333,000 (equivalent to approximately HK\$208,717,000) represented the estimated taxable assessable profits arising from the Land Disposal. During the year ended December 31, 2025, the Group has settled the final income tax liabilities of RMB148,592,000 (equivalent to HK\$162,448,000). As a result, an over-provision of RMB43,741,000 (equivalent to HK\$48,580,000) was recognized in the consolidated profit or loss.

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
(Loss)/profit before income tax	(106,687)	8,868
Adjustments for:		
– Gain/(loss) on disposal of property, plant and equipment (Note 6)	(60)	912
– Depreciation of property, plant and equipment (Note 15)	55,820	58,401
– Depreciation of right-of-use assets (Note 16)	8,746	8,619
– Written off of prepayments (Note 6)	16,248	–
– Impairment loss/(reversal of impairment loss) on trade and other receivables (Note 6(b))	10,459	(2,989)
– Write back of other payables (Note 9)	(2,867)	–
– Gain on deregistration of a subsidiary (Note 10)	(1,087)	–
– Effect of lease modification (Note 10)	610	2
– Finance costs (Note 11)	5,967	9,605
– Interest income on bank deposits (Note 11)	(7,968)	(16,762)
Operating (loss)/profit before working capital charges	(20,819)	66,656
Changes in working capital:		
– Inventories	(8,652)	27,533
– Trade receivables, prepayments, deposits and other receivables	169,540	10,238
– Trade and bills payables, contract liabilities, other payables and accrued charges and deferred income	(38,145)	(63,923)
Cash generated from operations	101,924	40,504

(b) An analysis of loss on disposal of property, plant and equipment is as follows:

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Net book amount (Note 15)	3,183	1,283
Gain/(loss) on disposal of property, plant and equipment (Note 6)	60	(912)
Proceeds from disposal of property, plant and equipment	3,243	371

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities

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

	Borrowings <i>(Note 28)</i> HK\$'000	Lease liabilities <i>(Note 16)</i> HK\$'000	Total HK\$'000
At January 1, 2025	251,633	23,629	275,262
Changes from cash flow:			
Interest paid on borrowings	(5,580)	–	(5,580)
Interest paid on lease liabilities	–	(387)	(387)
Proceeds from borrowings	202,799	–	202,799
Repayments of borrowings	(362,283)	–	(362,283)
Payment for lease liabilities	–	(2,842)	(2,842)
Total changes from financing cash flows:	(165,064)	(3,229)	(168,293)
Other changes:			
Exchange adjustments	3,364	1,575	4,939
Interest expense on borrowings	5,580	–	5,580
Interest expense of lease liabilities	–	387	387
Additions of lease liabilities	–	2,967	2,967
Effect of lease modification	–	(22,879)	(22,879)
Total other changes	8,944	(17,950)	(9,006)
At December 31, 2025	95,513	2,450	97,963

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Borrowings (Note 28) HK\$'000	Lease liabilities (Note 16) HK\$'000	Total HK\$'000
At January 1, 2024	210,603	2,834	213,437
Changes from cash flow:			
Interest paid on borrowings	(9,306)	–	(9,306)
Interest paid on lease liabilities	–	(299)	(299)
Proceeds from borrowings	216,784	–	216,784
Repayments of borrowings	(172,086)	–	(172,086)
Payment for lease liabilities	–	(3,130)	(3,130)
Total changes from financing cash flows:	35,392	(3,429)	31,963
Other changes:			
Exchange adjustments	(3,668)	716	(2,952)
Interest expense on borrowings	9,306	–	9,306
Interest expense of lease liabilities	–	299	299
Additions of lease liabilities	–	23,548	23,548
Effect of lease modification	–	(339)	(339)
Total other changes	5,638	24,224	29,862
At December 31, 2024	251,633	23,629	275,262

(d) Major non-cash transaction

During the year ended December 31, 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$2,967,000 in respect of lease arrangements for buildings (year ended December 31, 2024: HK\$23,548,000).

31 CAPITAL COMMITMENTS

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Contracted but not provided for:		
– Property, plant and equipment	20,041	16,171

32 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the years ended December 31, 2024 and 2025.

Key management compensation

The Group defines executive directors and non-executive directors of the Company as key management and the compensation paid or payable to key management for employee services is shown below:

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000
Salaries, bonus and allowances	5,429	4,823
Contributions to defined contribution plans	205	36
	5,634	4,859

33 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	–	–
Current assets		
Due from a subsidiary	240,229	242,355
Cash and cash equivalents	2,014	6
	242,243	242,361
Total assets	242,243	242,361
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital	120,000	120,000
Reserves	122,220	122,338
Total equity	242,220	242,338
LIABILITIES		
Current liabilities		
Other payables and accrued charges	23	23
Total liabilities	23	23
Total equity and liabilities	242,243	242,361

The statement of financial position was approved by the Board of Directors on March 26, 2026.

Pan Zhaolong
Director

Man Yiu Kwong Nick
Director

33 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY
(Continued)

	Share premium	Shares held for share award scheme	Share option reserve	Other reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at January 1, 2025	1,001,287	(774)	3,124	828,317	(1,709,616)	122,338
Comprehensive income:						
Loss for the year	–	–	–	–	(118)	(118)
Total comprehensive income for the year	–	–	–	–	(118)	(118)
Release upon lapse of share options	–	–	(234)	–	234	–
Balance at December 31, 2025	1,001,287	(774)	2,890	828,317	(1,709,500)	122,220
Balance at January 1, 2024	1,001,287	(774)	3,178	828,317	(1,709,490)	122,518
Comprehensive income:						
Loss for the year	–	–	–	–	(180)	(180)
Total comprehensive income for the year	–	–	–	–	(180)	(180)
Release upon lapse of share options	–	–	(54)	–	54	–
Balance at December 31, 2024	1,001,287	(774)	3,124	828,317	(1,709,616)	122,338

Financial Summary

CONSOLIDATED RESULTS

	Year ended December 31, 2025 HK\$'000	Year ended December 31, 2024 HK\$'000	Year ended December 31, 2023 HK\$'000	Year ended December 31, 2022 HK\$'000 (restated)	Year ended December 31, 2021 HK\$'000
Continuing operations					
Revenue	359,779	917,179	1,036,675	1,611,202	1,854,640
(Loss)/profit before income tax	(106,687)	8,868	2,638	(65,018)	(358,063)
Income tax credit	47,562	19,213	24,661	13,406	17,338
(Loss)/profit for the year from continuing operations	(59,125)	28,081	27,299	(51,612)	(340,725)
Discontinued operation					
Profit/(loss) for the year from discontinued operation	–	–	864	(53,011)	–
(Loss)/profit for the year	(59,125)	28,081	28,163	(104,623)	(340,725)

CONSOLIDATED ASSETS AND LIABILITIES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000	December 31, 2023 HK\$'000	December 31, 2022 HK\$'000	December 31, 2021 HK\$'000
Total assets	948,324	1,414,029	1,431,519	1,684,003	2,143,172
Total liabilities	260,088	682,129	710,476	967,973	1,229,639
Net assets attributable to owners of the Company	688,226	731,900	721,043	716,030	913,533

2



榮陽實業集團有限公司
PanAsialum Holdings Company Limited

