



(Incorporated in Bermuda and its members' liability is limited)  
(在百慕達成立為法團，而其成員的法律責任是有限度的)

Stock Code 股份代號 : 00544



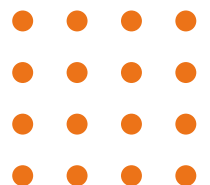
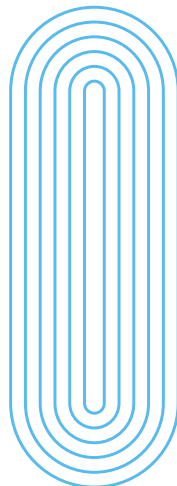
# 2025

年報  
ANNUAL REPORT



# DAIDO

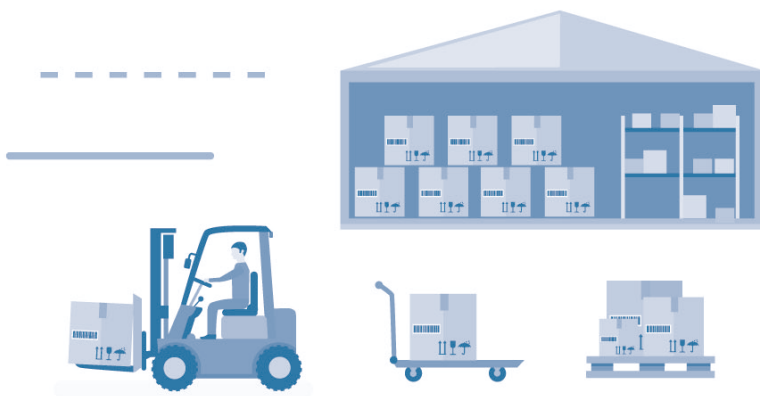
GROUP LIMITED  
大同集團有限公司





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# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### Executive Director

Mr. He Xinyu<sup>1</sup>  
Mr. Fung Pak Kei (*Chief Executive Officer*)<sup>2</sup>  
Mr. Ho Hon Chung, Ivan (*Acting Chief Executive Officer*)<sup>3</sup>

### Non-executive Director

Ms. Kwan Nga Chung  
Mr. Au Tat Wai<sup>3</sup>  
Mr. Fung Wa Ko<sup>3</sup>

### Independent Non-executive Directors

Mr. Leung Chi Hung  
(*Lead Independent Non-executive Director*)<sup>4</sup>  
Mr. Lo Chi Wang  
Ms. Li Dan<sup>1</sup>  
Mr. Tse Yuen Ming<sup>5</sup>

## COMMITTEES

### Audit Committee

Mr. Leung Chi Hung (*Chairman*)  
Mr. Lo Chi Wang  
Ms. Li Dan<sup>1</sup>  
Mr. Tse Yuen Ming<sup>5</sup>

### Nomination Committee

Ms. Li Dan (*Chairman*)<sup>1</sup>  
Mr. Leung Chi Hung  
Mr. Lo Chi Wang  
Ms. Kwan Nga Chung<sup>6</sup>  
Mr. Tse Yuen Ming<sup>5</sup>

### Remuneration Committee

Mr. Lo Chi Wang (*Chairman*)  
Mr. Leung Chi Hung  
Ms. Li Dan<sup>1</sup>  
Mr. Tse Yuen Ming<sup>5</sup>

## COMPANY SECRETARY

Ms. Yeung Pui Yee Holly<sup>7</sup>  
Mr. Cheung Hoi Kin<sup>8</sup>

## STOCK CODE

00544

Notes:

1. Appointed on 8 August 2025
2. Resigned on 8 September 2025
3. Resigned on 30 May 2025
4. Appointed as Lead Independent Non-executive Director on 30 May 2025
5. Resigned on 8 August 2025
6. Appointed as a member on 30 May 2025
7. Appointed on 1 September 2025
8. Resigned on 1 September 2025

## WEBSITE

[www.irasia.com/listco/hk/daido/index.htm](http://www.irasia.com/listco/hk/daido/index.htm)  
[www.daidohk.com](http://www.daidohk.com)

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2703, 27/F, Tower 1  
Admiralty Centre  
18 Harcourt Road,  
Hong Kong

## AUDITOR

Linksfeld CPA Limited  
*Certified Public Accountants and  
Registered Public Interest Entity Auditor*  
Unit 2001-2002, 20/F,  
Podium Plaza 5 Hanoi Road,  
Tsim Sha Tsui, Kowloon  
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of Communications (Hong Kong) Limited  
Nanyang Commercial Bank, Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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



# BOARD'S STATEMENT



On behalf of the Management, I am pleased to present the annual results of the Group for the financial year ended 31 December 2025.

The year 2025 presented significant macroeconomic headwinds across both established operating segments. Sustained cross-border consumption outflows suppressed domestic cold storage demand in Hong Kong, while property sector weakness and cautious consumer sentiment intensified competitive pressure in the Mainland China food and beverage trading market. Against this backdrop, the Board underwent significant reconstitution during 2025, appointing new directors with deep expertise in enterprise equity investment and institutional capital markets.

Despite these challenges, both operating segments demonstrated resilience throughout the year. The Group is strategically positioning itself as a diversified service provider. We proactively diversified our business portfolio by fully utilising our decades-long experience in infrastructure management to extend infrastructure services.

In Hong Kong, the cold storage and logistics segment navigated a persistently challenging demand environment shaped by well-documented structural headwinds across the food and beverage sector. Rather than pursuing short-term volume through aggressive price reductions, management maintained pricing stability and doubled down on service excellence. This strategy, complementing the consolidation of all operations into the upgraded Kwai Hei Street facility, further enhanced operational efficiency, capacity utilisation, and cost management.

In Mainland China, the trading and sales of food and beverage segment completed a fundamental strategic transformation in 2025. Management made a decisive pivot towards convenience store channels, which eliminated intermediary costs entirely, accelerated inventory turnover, and created a more direct commercial relationship with end retailers. Concurrent with this channel transformation, the Group overhauled its product portfolio to build a focused range of high-margin, niche specialty products with demonstrated consumer demand.

Furthermore, following a landmark strategic announcement in late 2025, the Group is actively exploring potential opportunities to expand into high-performance computing infrastructure services in the United States. On 30 December 2025, the Company announced the signing of a non-legally binding letter of intent for the potential acquisition of two data centres with a total capacity of 30 megawatts. This strategic move enables the Group to mitigate global market fragmentation by building an energy service platform for artificial intelligence and virtual assets.

Looking forward, the Group enters 2026 with strengthened conviction across its core infrastructure service platforms. Management anticipates that the cold storage and logistics segment's operating performance in the first half of 2026 will show meaningful improvement compared to recent periods, driven by the ongoing market recovery and competitive consolidation. Simultaneously, management is confident that the operational transformation completed in 2025 positions the Mainland China trading and sales of food and beverage segment to deliver a return to profitability in 2026.

Finally, I would like to extend my sincere gratitude to our shareholders for their unwavering support and trust in the Group. I also wish to express my appreciation to our employees for their hard work, dedication, and professional excellence.

By order of the Board  
**Daido Group Limited**  
**He Xinyu**  
*Executive Director*





## OVERALL RESULTS

For the year ended 31 December 2025, the Group's total revenue amounted to approximately HK\$150 million, representing a decrease of about 31.5%, compared to approximately HK\$219 million from the preceding year.

For the year ended 31 December 2025, the Group recorded a net loss attributable to equity holders of the Company of approximately HK\$72.1 million, compared to the net loss attributable to equity holders of the Company of approximately HK\$40.2 million recorded in the year ended 31 December 2024.

The Board considers that the increase in net loss for FY2025 is primarily attributable to (i) the decrease in revenue from the cold storage and related services business by approximately 26%; (ii) the decrease in revenue from the trading and sales of food and beverage business in Mainland China by approximately 57%; and (iii) the decrease in other services income of approximately 54%. These decreases were mainly due to challenging macroeconomic conditions, which weakened demand for the Group's products and services. In addition, the accounting impacts on increase in finance costs arising from the extension of lease agreements for the cold storage warehouse at the end of 2024 further contributed to the net loss.

## REVIEW OF OPERATING SEGMENTS

The Group is strategically positioning itself as a diversified service provider, with core operations deeply rooted in cold storage and logistics services in Hong Kong, and the trading and sales of food and beverage products primarily in Mainland China. Leveraging over two decades of expertise in managing physical infrastructure and supply chains, the Group has deliberately evolved its operational model to enhance resilience and capture emerging regional opportunities.

The year 2025 presented significant macroeconomic headwinds across both established operating segments – sustained cross-border consumption outflows suppressed domestic cold storage demand in Hong Kong, while cautious consumer sentiment intensified competitive pressure in the Mainland China food trading market. Against this backdrop, the Board underwent significant reconstitution during 2025. In August 2025, new directors with deep expertise in equity investment, supply chain integration, and institutional capital markets were appointed. The Board believes these appointments materially enhance the Group's strategic planning, M&A execution, and corporate governance standards, providing critical support for the Group's expansion strategies and long-term sustainable growth.

Both operating segments demonstrated notable resilience throughout the year. The cold storage segment maintained pricing discipline and service quality leadership, capturing market share as smaller competitors exited, with revenue firming up slightly in the fourth quarter. Simultaneously, the Mainland China trading segment completed a strategic channel and product portfolio transformation. Furthermore, as part of the Group's long-term strategy to prudently explore new growth drivers, the Group announced a non-legally binding letter of intent in late 2025 regarding potential acquisition of new infrastructure opportunities overseas. This initiative remains in the preliminary exploratory stage.





## INFRASTRUCTURE SERVICES – COLD STORAGE AND LOGISTICS OPERATIONS

The cold storage and logistics segment navigated a persistently challenging demand environment in 2025, shaped by structural shifts across Hong Kong’s food and beverage sector. According to provisional figures from the Census and Statistics Department, local dining activity weakened in real terms, presenting unavoidable revenue headwinds for the local cold storage sector.

The Group’s response was deliberate and forward-looking. Rather than pursuing short-term volume through aggressive price reductions, management maintained pricing stability and doubled down on service excellence. The Group’s hybrid operations model – retaining a core team of dedicated in-house personnel while selectively outsourcing a portion of logistics operations – ensured unmatched service quality alongside cost efficiency.

As market conditions begin to normalise and smaller operators exit the market, the Group’s established reputation for reliability and stringent hygiene standards has translated into accelerating customer acquisition. Seasonally adjusted data in the fourth quarter of 2025 indicated a recovery in local food and beverage activity, positioning the Group advantageously as cargo volumes migrate to well-capitalised, premium providers.

## TRADING AND SALES OF FOOD AND BEVERAGES

In Mainland China, the trading and sales segment completed a fundamental strategic transformation. Recognising the structurally unattractive economics of traditional large-format supermarket chains, management executed a decisive pivot towards convenience store channels. This channel shift eliminated intermediary costs and created a more direct, scalable commercial relationship with end retailers.

Concurrent with this channel transformation, the Group overhauled its product portfolio, exiting lower-margin commodity categories in favour of high-margin, niche specialty products with demonstrated consumer demand. The segment remained in a deficit position in 2025, as the impact of the strategic overhaul continues to materialise amid challenging conditions.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group manages its business and operational risks through diversifying its business portfolio and maintaining financial prudence. The Group recognises its vulnerability to macroeconomic fluctuations in Mainland China and Hong Kong, which could undermine demand for its products and services.

To safeguard continuous performance, we have enacted financial prudence by reducing operating expenses and optimising resource allocation. As the Group embarks on its strategic expansion into the Greater Bay Area (“GBA”), we are cognisant of execution risks cross-border regulatory compliance. Furthermore, regarding the Group’s preliminary exploration of overseas infrastructure projects, we recognise the associated regulatory, execution, and due diligence risks. In light of ongoing global trade tensions and potential tariff escalations, the Group remains alert to risks of supply chain disruptions, increased costs for imported goods, and shifts in cross-border trade flows that could impact our food and beverage trading segment and logistics operations. The Group’s robust risk-control framework remains in force to mitigate these exposures and guide our segments toward sustainable growth.



## EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in Note 36 to the consolidated financial statements.

## PROSPECTS

The Group enters 2026 with strengthened conviction across its core business platforms, supported by a materially improving macroeconomic backdrop, concrete internal catalysts, and a strategic positioning well aligned with the structural integration of the GBA.

## COLD STORAGE AND LOGISTICS: INTEGRATING INTO THE GREATER BAY AREA

Building on the operational turnaround witnessed in late 2025, the cold storage and logistics segment is positioned for a meaningful transformation in 2026. Beyond consolidating its market-leading position in Hong Kong, the Group's strategic priority is to aggressively expand its operational footprint into the GBA.

Leveraging our existing logistics fleet and established reputation for premium service quality in Hong Kong, the Group intends to collaborate deeply with regional governments across the GBA. Our objective is to establish an integrated, end-to-end service ecosystem encompassing cold chain logistics, premium cold storage, and comprehensive unpacking and packaging services. By offering these integrated value-added services, the Group anticipates creating further premium pricing space for its cold storage revenues. This comprehensive supply chain capability will also serve as a critical catalyst to convert and secure large-scale enterprise clients, establishing them as cornerstone partners for our long-term foothold in the GBA.

Complementing the GBA push, the Group will capitalise on Hong Kong's accelerating tourism recovery and rising demand for premium imported perishables. By enhancing temperature-controlled supply chain capabilities for fresh produce, seafood, and high-value F&B items, we aim to secure partnerships with international suppliers and local hospitality operators, creating new revenue streams from value-added services such as just-in-time delivery and customised storage solutions.

In parallel, the Group is prioritising sustainable practices in its cold chain operations, including energy-efficient refrigeration upgrades, exploration of low-carbon refrigerants, and integration of renewable energy sourcing where feasible. These initiatives not only align with Hong Kong's carbon neutrality goals but also enhance our appeal to environmentally conscious clients and support long-term cost optimisation.

The Group will further strengthen synergies between its cold storage/logistics and trading segments by offering integrated end-to-end services to internal and external clients, improving inventory turnover, reducing costs, and enhancing overall supply chain resilience.





## TRADING AND SALES: OMNICHANNEL EXPANSION

The Mainland China trading segment enters 2026 with a lean cost structure and a focused high-margin product portfolio. To accelerate revenue growth and brand penetration, the Group is actively expanding its e-commerce capabilities. Simultaneously, the Group will continue curating a premium product portfolio, with emphasis on health-oriented, functional, and imported specialty items that meet evolving consumer preferences for wellness and quality. This includes targeted expansion into ready-to-eat, organic, and low-sugar categories to capture higher-margin opportunities in convenience networks other distribution channels.

To mitigate external supply risks, management will deepen supplier diversification, strengthen procurement efficiency, and explore near-shore or regional sourcing alternatives, ensuring stable supply and competitive pricing amid ongoing global uncertainties.

The Group will reinforce its offline convenience store network as a stable foundation, focusing on localised assortment, in-store promotions, and loyalty programmes to drive footfall and repeat purchases.

## PRUDENT EXPLORATION OF NEW OPPORTUNITIES

While maintaining an unwavering focus on its core operations, the Group remains open to exploring diversified business opportunities that can yield long-term shareholder value. Following the December 2025 announcement regarding the non-legally binding letter of intent for potential acquisition of overseas infrastructure assets, the Group will proceed with strict financial discipline. Any progression of such initiatives will be strictly subject to rigorous legal, financial, and operational due diligence. As at the date of this Annual Report, this initiative remains in the preliminary exploration stage.

In addition to the potential acquisition of the overseas infrastructure exploration, the Group will prudently evaluate adjacent opportunities to apply its temperature-controlled expertise to sectors such as pharmaceuticals, cosmetics, and high-value perishables, where demand for reliable cold chain solutions is growing steadily.

The Group remains attentive to opportunities in sustainable infrastructure, including potential collaborations on energy-efficient systems or renewable integration for logistics facilities, subject always to rigorous evaluation and alignment with core competencies.

All diversification initiatives will be pursued with strict discipline, prioritising shareholder value, risk mitigation, and alignment with the Group’s infrastructure management strengths.

## CORPORATE STRATEGY AND LONG-TERM BUSINESS MODEL

The Group is committed to developing a steady and progressive culture built on operational efficiency and service excellence. Our corporate strategy and long-term business model are anchored on three key pillars:

### (i) Consolidating Core Foundation and Expanding GBA Synergies

As the foundational pillar of the Group, the cold chain logistics and storage services will transition from a Hong Kong-centric model to a GBA-integrated model. By optimising workflows and offering integrated supply chain solutions (from storage to value-added packaging), the Group aims to capture high-margin enterprise clients and benefit from the region's rapid economic integration.

### (ii) Empowering Traditional Trade

In the trading and sales of food and beverage segment, the Group will continue to refine its product matrix by securing premium product portfolios and diversifying its physical retail channels. Deepening penetration in these traditional networks ensures agile responses to consumer trends and maximises overall market share.

### (iii) Prudent Diversification and Risk Management

In the face of complex global market dynamics, the Group maintains a prudent yet proactive approach to exploring new infrastructure and investment opportunities. All diversification efforts, including any potential overseas projects, will be governed by stringent risk assessment frameworks to ensure they provide a solid and sustainable cash-flow foundation without compromising the Group's core operational stability.

In summary, the Group will steadily advance these strategic initiatives, ensuring the robust operation of its core businesses while maintaining a healthy financial position. The Board remains fully confident in the Group's future development and is committed to delivering sustainable, long-term returns for our shareholders.

## FINANCIAL KEY PERFORMANCE INDICATORS

		As at 31 December	
		2025	2024 (Restated)
Loss per share – basic and diluted	HK\$	(2.28)	(1.39)*
Net liabilities per share attributable to equity holders of the Company	HK\$	2.09	0.79*
Current ratio	times	0.36	0.51
Total liabilities to total assets ratio	times	1.14	1.04
Gearing ratio	%	-156.7	-524.6
Return on equity ratio	%	109.2	175.9
Return on assets	%	-14.9	-6.8
Assets turnover ratio	times	0.28	0.52

\* Adjusted





## FINANCIAL REVIEW

### Liquidity and financial resources

As at 31 December 2025, the Group had bank and cash balances of approximately HK\$13.1 million (2024: approximately HK\$59.8 million), which was denominated in Hong Kong dollars (“HK\$”) and Renminbi (“RMB”) as to approximately 89.1% and 10.9% (2024: approximately 92.1% and 7.9%), respectively. The decline was principally attributable to the loss recognised during the year ended 31 December 2025 and the repayment of bonds principal of HK\$17.5 million.

The gearing ratio, measured as total borrowings (excluded lease liabilities) over total deficits was approximately –156.7% as at 31 December 2025 (2024: approximately –524.6%). The decrease was primarily attributable to the settlement of bonds payables of HK\$17.5 million and a bank borrowing of HK\$35 million during year ended 31 December 2025, as well as an increase in the total deficits.

In 2014 and 2015, the Company issued bonds with aggregate principal amount of HK\$100 million (the “Original Bonds”). The bonds bear interest at 6% per annum and payable annually in arrears, up to the maturity date of the relevant bonds.

In 2023 and 2024, the Company agreed to issue the bonds (the “2023 Bonds”) and (the “2024 Bonds”) and bondholders agreed to accept the 2023 Bonds and 2024 Bonds in place of the Original Bonds in the principal amount of HK\$40 million and HK\$60 million, respectively.

During the year ended 31 December 2025, certain of the 2023 Bonds and 2024 Bonds were matured and the Company has settled in the principal amount of HK\$17.5 million (2024: HK\$15 million). As at 31 December 2025, the aggregate principal amount of bonds remaining outstanding was HK\$67.5 million (2024: HK\$85 million). As at 31 December 2025, the maturity dates are ranging from January 2026 to August 2026 (2024: February 2025 to January 2026).

As at 31 December 2024, the Group had a bank borrowing of HK\$35 million denominated in HK\$. The bank borrowing matured in April 2025 and carried a fixed interest rate of 5% per annum. In April 2025, the Group extended the maturity date of the bank borrowing to July 2025 at an interest rate of 13% per annum. The bank borrowing of HK\$35 million was fully repaid in July 2025.

On 20 April 2025, the Company entered into three separate convertible bonds subscription agreements (the “CB Subscription Agreements”) with YuYu Future Investment Limited, Protoss Global Opportunities Fund and Providence Discovery Fund (collectively, the “CB Subscribers”) respectively. Each being an independent third party, pursuant to which each CB Subscriber conditionally agreed to subscribe for convertible bonds with a principal amount of HK\$15,000,000, for an aggregate principal amount of HK\$45,000,000 (the “Convertible Bonds”). The Convertible Bonds bear interest at 6% per annum, payable annually on each anniversary of the initial issue date, and carry a maturity of three years from the initial issue date, extendable to five years subject to the holder’s written consent. The holders are entitled to convert all or part of the principal amount into shares at an initial conversion price of HK\$0.4801 per share (as adjusted by Share Consolidation). Based on this conversion price, a maximum of 93,730,472 conversion shares (as adjusted by Share Consolidation) may be issued upon full exercise of the conversion rights attached to the Conversion Bonds, representing a maximum aggregate nominal value of approximately HK\$9,373,047.

On 21 July 2025, all conditions precedent under the CB Subscription Agreements were fulfilled and completion of the Convertible Bonds subscription took place accordingly, with the Convertible Bonds having been issued to the CB Subscribers.

For details, please refer to the announcements of the Company dated 21 April 2025 and 21 July 2025 and the circular of the Company dated 27 June 2025.

During the year ended 31 December 2025, the Group’s capital expenditure was mainly financed by internal resources.





## FINANCIAL REVIEW (continued)

### Treasury policies

The Group adopts conservative treasury policies and has tight controls over its cash management. The Group's bank and cash balances are held mainly in HK\$.

### Exposure to fluctuations in exchange rates and related hedges

Monetary assets and liabilities of the Group are principally denominated in HK\$. The directors consider the Group's exposure to exchange rate risks to be low. The Group may have relatively high exposure to exchange rate risk when more trading and sales of food and beverage business to be operated in Mainland China. The directors will review the exchange rate risks faced by the Group periodically.

During the year ended 31 December 2025, the Group did not have any material foreign exchange exposure and had not used any financial instruments for hedging purpose.

### Share capital structure

#### Share Consolidation

On 14 July 2025, an ordinary resolution of the Company was passed at the special general meeting of the Company to consolidate every ten (10) issued and unissued existing shares in the share capital of the Company into one (1) consolidated share ("Share Consolidation"). The Share Consolidation became effective on 16 July 2025 and 290,110,400 shares in the issued share capital of the Company were consolidated into 29,011,040 consolidated shares, with a par value of HK\$0.10 each. Details of the Share Consolidation are set out in the announcements of the Company dated 13 June 2025 and 14 July 2025 and the circular of the Company dated 27 June 2025.

#### Subscription of new shares in July 2025

Pursuant to the announcement issued by the Company dated 21 April 2025, the Company entered into separate subscription agreements with three subscribers, respectively on 20 April 2025, for the subscription of aggregate of 58,022,079 subscription shares at the subscription price of approximately HK\$0.04801 per subscription share. The subscription of new shares was completed on 21 July 2025 and 22 July 2025. An aggregate of 5,802,207 (as adjusted by Share Consolidation) new shares were issued and allotted under general mandate of the Company at the subscription price of HK\$0.4801 (as adjusted by Share Consolidation) per subscription share. Particulars of the subscription of new shares were set out in the Company's announcement dated 21 April 2025.

#### Subscription of new shares in December 2025

Pursuant to separate subscription agreements dated 31 October 2025 entered between the Company and three subscribers, respectively, for the subscription of aggregate of 10,000,000 subscription shares at the subscription price of HK\$2.00 per subscription share. The subscription of new shares was completed on 31 December 2025. An aggregate of 10,000,000 new shares were issued and allotted under special mandate at the Subscription Price of HK\$2.00 per subscription share. Particulars of the subscription of new shares were set out in the Company's announcements dated 31 October 2025 and 31 December 2025 and the circular of the Company dated 5 December 2025.

As at 31 December 2025, the total issued share capital of the Company was HK\$4,481,325 (2024: HK\$2,901,104) divided into 44,813,247 ordinary shares (2024: 29,011,040 ordinary shares (as adjusted by Share Consolidation) with a par value of HK\$0.1 (2024: HK\$0.1 (as adjusted by Share Consolidation) each.

### Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures which is same as the corresponding period of last year.





## FINANCIAL REVIEW (continued)

### Charges on assets

As at 31 December 2025, a bank provides the Group with banking facilities which represented guarantees provided in favour of the Group's cold storage business to the extent of HK\$3.5 million (2024: HK\$3.5 million) and are secured by bank deposits amounting to HK\$1.7 million (2024: HK\$1.7 million). As at 31 December 2025, the utilised banking facilities in this regard was approximately HK\$1.4 million (2024: approximately HK\$1.4 million).

As at 31 December 2025, the lease liabilities of the Group's cold storage warehouse were secured or guaranteed by the cash deposit, corporate guarantee provided by the Company, floating charges and share charges provided by subsidiaries of the Group, which are aggregately in approximately HK\$107 million (2024: approximately HK\$107 million).

At 31 December 2025, the carrying amount of motor vehicles of approximately HK\$0.5 million (2024: approximately HK\$0.7 million) were pledged as the lessors' charge over the leased assets to secure the lease liabilities of approximately HK\$0.5 million (2024: approximately HK\$0.7 million).

### Future plans for material investments or capital assets

On 30 December 2025, the Company entered into a non-legally binding letter of intent in respect of a potential acquisition of two data centers in the United States with an aggregate capacity of approximately 30 Megawatt. The potential acquisition, with an expected consideration of about United States Dollar 11.4 million (equivalent to approximately HK\$88.9 million), would be carried out through a joint venture entity in which the Company's subsidiary would hold a 60% interest.

The potential acquisition is intended to diversify the Group's business and extend its expertise in managing energy-intensive infrastructure. The assets may also provide opportunities for future use in other computing sectors, such as AI data centers, thereby enhancing the resilience and long-term value of the Group's operations.

As at the date of this Annual Report, the terms of the potential acquisition are still under negotiation and no legally binding agreement has been entered into. The transaction may or may not proceed, and the final terms may differ from those currently contemplated.

Save for those disclosed in this Annual Report, the Group did not have other concrete future plans for material investments or capital asset.

### Contingent liabilities

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

## EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2025, the Group combining the total number of full-time employees in Hong Kong and Mainland China employed approximately 130 and 20 respectively (2024: approximately 150 Hong Kong employees; 30 Mainland China employees), reflecting targeted workforce adjustments to align with business needs amid economic pressures. Remuneration policies remain competitive, with packages comprising basic salaries, performance-based bonuses, contributions to Mandatory Provident Fund, medical insurance, meal allowances and professional tuition/training subsidies designed to attract and retain talent. Total staff related costs for the year ended 31 December 2025 amounted to approximately HK\$53,422,000 (2024: approximately HK\$63,573,000).

In response to the challenging environment, the Group implemented extensive cost-control measures. These changes have not materially impacted day-to-day operations, as they focused on streamlining non-core roles while preserving essential expertise in cold storage and trading.

## DIRECTORS OF THE COMPANY

**MR. HE XINYU**, aged 34, has been appointed as Executive Director in August 2025. He has also served as a director of certain subsidiaries of the Company. Mr. He has over 8 years of experience in the financial services and capital markets sector. Mr. He has extensive experience in private equity investment and financial advisory services. He served as managing director of China Science and Technology Development Institute Co., Ltd., where he oversaw venture capital investments and M&A sectors. Prior to this, Mr. He was an associate director at Shenzhen Capital International Co., Ltd (“Shenzhen Capital International”) from 2022 to 2024, where he notably led several core investments and establish Shenzhen Capital International’s first Limited Partnership Fund in Hong Kong. From 2021 to 2022, Mr. He was a senior associate at China Securities Co., Ltd., mainly contributing to IPO execution and providing financial advisory services to state-owned enterprises. Mr. He began his career as an analyst at Qianhai Ark Fund of Funds from 2017 to 2020. Mr. He received a Master’s Degree in Financial Science from The Chinese University of Hong Kong (Shenzhen).

**MS. KWAN NGA CHUNG**, aged 39, joined the Group as a Non-executive Director of the Company in December 2024. She is also the member of the nomination committee of the Company. She is a Chartered Financial Analyst (“CFA”) charterholder and holds the CFA Institute Certificate in ESG Investing. Ms. Kwan has over 15 years of experience in finance, focusing on the provision of professional valuation and advisory services for more than 500 listed and private companies for accounting, financing, investment, mergers and acquisitions, initial public offerings, and spin-off purposes. Ms. Kwan is currently the Chief Executive Officer (CEO) and Director of BonVision International Appraisals Limited, a professional valuation and advisory firm. Prior to her role in BonVision, she had been the CEO, Executive Director and Head of Business Valuation of a wholly owned subsidiary of a listed company in Hong Kong for a number of years. Ms. Kwan obtained a Bachelor’s degree in Social Sciences with First Class Honours from the University of Hong Kong in 2008, and a Master’s degree in Finance (Investment Management) from the Hong Kong Polytechnic University in 2009. In addition, she is a regular member of the CFA Society Hong Kong, and a member of The Hong Kong Institute of Directors (“HKIoD”).

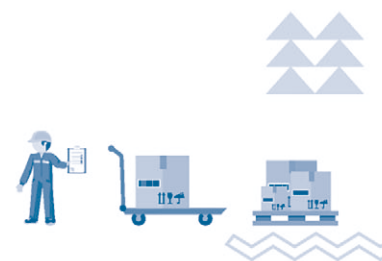
**MR. LEUNG CHI HUNG**, aged 70, joined the Group as an Independent Non-executive Director of the Company in September 2003. He is also the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the Company respectively. Mr. Leung has commenced his accountancy professional training since 1976 and is now a member of multiple international accountancy bodies. He is a certified public accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited. Mr. Leung is also an independent non-executive director of REF Holdings Limited (stock code: 1631) and Zhongzheng International Company Limited (stock code: 943), both companies are listed on The Stock Exchange of Hong Kong Limited.

**MR. LO CHI WANG**, aged 48, joined the Group as an Independent Non-executive Director of the Company in May 2023. He is also the chairman of the remuneration committee; and a member of the audit committee and the nomination committee of the Company respectively. Mr. Lo has over 19 years of experience in accounting and finance. He worked at Deloitte Touche Tohmatsu focused on audit and tax, and was the financial controller of listed groups. Mr. Lo received a degree of Bachelor of Arts (Honour) in Accounting from Manchester Metropolitan University in Manchester, United Kingdom. He is now a member of multiple international accountancy bodies. Mr. Lo is currently the group financial controller and general manager of financial service division and Hong Kong factory of Hung Fook Tong Group Holdings Limited (stock code: 1446, a company listed on the Main Board of the Stock Exchange). Mr. Lo is currently an independent non-executive director of Easy Smart Group Holdings Limited (stock code: 2442, a company listed on Main Board of the Stock Exchange). He was an independent non-executive director of Novacon Technology Group Limited (now known as Elephant Holdings Group Limited) (stock code: 8635, a company listed on GEM of the Stock Exchange) from March 2019 to April 2025.

**MS. LI DAN**, aged 40, has been appointed as an Independent Non-executive Director in August 2025. She is also the chairman of the nomination committee; and a member of the audit committee and the remuneration committee of the Company. She has over 15 years of experience in the financial services industry. She has held various positions at Deloitte Touche Tohmatsu Certified Public Accountants LLP, gaining experience in financial consulting and tax consulting services. Ms. Li also served as an executive director of the Investment Department of China Merchants Capital Management Co., Ltd., where she was responsible for domestic and overseas investment and merger and acquisition projects. Ms. Li holds an Executive Master of Business Administration degree from the Guanghua School of Management, Peking University, and a Bachelor of Economics degree from Beijing International Studies University.



# DIRECTORS' REPORT



The Directors present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 14 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

## BUSINESS REVIEW

A review of the Group’s business and an indication of likely future developments in the Group’s business as required by Schedule 5 to the Hong Kong Companies Ordinance as well as the important events affecting the Group has occurred since the end of the financial year under review are set out in the Board’s Statement and the Management Discussion and Analysis of this Annual Report.

An analysis of the Group’s performance during the year using financial key performance indicators is also provided in the Management Discussion and Analysis section of the Annual Report which forms part of the Directors’ Report but not part of the audited consolidated financial statements.

### Key risks and uncertainties

In addition, description of the principal risks and uncertainties facing the Group are provided in the Management Discussion and Analysis and note 33 to the consolidated financial statements attached to this Annual Report.

### Compliance with laws and regulations

During the year, as far as the Group is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

### Environmental policies and performance, and relationships with key stakeholders

Detailed discussions on the Group’s environmental policies and performance, and relationships with key stakeholders are set out in the Environmental, Social and Governance Report of this Annual Report.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the aggregate amount of revenue attributable to the Group’s five largest customers accounted for approximately 35% of the Group’s total revenue and the revenue attributable to the Group’s largest customer accounted for approximately 11% of the Group’s total revenue.

For the year ended 31 December 2025, the aggregate amount of purchases attributable to the Group’s five largest suppliers accounted for approximately 70% of the Group’s total purchases and the purchase attributable to the Group’s largest supplier accounted for approximately 60% of the Group’s total purchases.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) have an interest in any of the Group’s five largest suppliers or customers.





## PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

## RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this Annual Report.

## DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 December 2025 (2024: nil). There is no arrangement under which a shareholder has waived or agreed to waive any dividend.

## RESERVES

Details of the movements during the year in the reserves of the Group are set out in the Consolidated Statement of Changes in Equity of this Annual Report.

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the Company's reserves consisted of contributed surplus of HK\$84,239,000 (2024: HK\$84,239,000) and accumulated losses of HK\$574,442,000 (2024: HK\$561,209,000).

The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries acquired by the Company as at the date of the group reorganisation and the nominal amount of the Company's share capital issued as consideration for the acquisition.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities.

## BANK BORROWING

Details of bank borrowing of the Group as at 31 December 2025 are set out in note 23 to the consolidated financial statements.

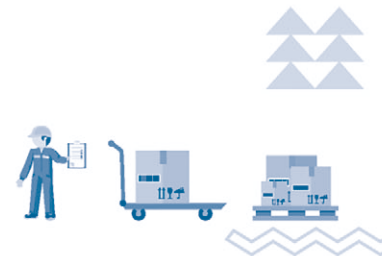
## DONATIONS

Detailed discussions on the Group's donations are set out in the Environmental, Social and Governance Report of this Annual Report.

## SHARE CAPITAL

Details of the share capital of the Company as at 31 December 2025 are set out in note 28 to the consolidated financial statements.





## SHARE CONSOLIDATION

Reference is made to the announcements of the Company dated 13 June 2025 and 14 July 2025 (“Announcements”) and the circular of the Company dated 27 June 2025 (“Circular”), in relation to the share consolidation. Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Announcements and the Circular.

On 13 June 2025, the Board proposed to implement a share consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company would be consolidated into one (1) Consolidated Share of par value of HK\$0.10.

Pursuant to an ordinary resolution of the Company passed on 14 July 2025, the Share Consolidation was approved by the Shareholders and has become effective on 16 July 2025.

## SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

Reference is made to the announcements of the Company dated 21 April 2025, 21 July 2025 and 22 July 2025 (“Announcements”), and the Company’s circular dated 27 June 2025 (“Circular”). Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Announcements and the Circular.

As disclosed in the announcement issued by the Company dated 21 April 2025, the Company entered into separate Subscription Agreements with three Subscribers, respectively on 20 April 2025 for the Subscription of aggregate of 58,022,079 Subscription Shares. Pursuant to which (a) YuYu Future Investment Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 19,340,693 Subscription Shares at the Subscription Price of approximately HK\$0.04801 per Subscription Share; (b) Mr. Bi Wei has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 19,340,693 Subscription Shares at the Subscription Price of approximately HK\$0.04801 per Subscription Share; and (c) Providence Capital Group Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 19,340,693 Subscription Shares at the Subscription Price of approximately HK\$0.04801 per Subscription Share.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscribers and their ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined by the Listing Rules).

On 21 July 2025, a total of 1,934,069 (as adjusted by Share Consolidation) Subscription Shares were issued and allotted under the General Mandate at the Subscription Price of HK\$0.4801 (as adjusted by Share Consolidation) per Subscription Share to Providence Capital Group Limited pursuant to the Subscription Agreement C.

On 22 July 2025, the Company issued and allotted an aggregate of 3,868,138 Subscription Shares of the Company (as adjusted by Share Consolidation) under the General Mandate, comprising 1,934,069 Subscription Shares to each of YuYu Future Investment Limited and Mr. Bi Wei, respectively. The Subscription Shares were issued at a Subscription Price of HK\$0.4801 per Subscription Share (as adjusted by Share Consolidation), pursuant to the terms of Subscription Agreement A and Subscription Agreement B.

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the ordinary shares of the Company in issue on the date of allotment and issue of the Subscription Shares.

## SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE (continued)

The net Subscription Price of each of the Subscription Share, after deduction of relevant expenses, is approximately HK\$0.4339 (as adjusted by Share Consolidation) per Subscription Share. The gross proceeds and net proceeds of the Subscription are approximately HK\$2.79 million and HK\$2.52 million respectively. The aggregate nominal value of the Subscription Shares was HK\$580,220.79. As at 17 April 2025, being the last trading day immediately preceding the date of the Subscription Agreements, the closing market price of the Company's ordinary shares was HK\$0.06 per Share (prior to the Share Consolidation).

The Directors consider that raising funds by issuing the Subscription is justifiable considering the recent market conditions and consider that the Subscription represents an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position. The Subscription does not only represent an opportunity to raise capital for the Company, it also enlarges and broadens the shareholder base and capital base of the Company.

The following table sets forth a breakdown of the use of the net proceeds as at 31 December 2025:

	Allocation of net proceeds HK\$ million	Utilised during year ended 31 December 2025 HK\$ million	Unutilised as at 31 December 2025 HK\$ million
<b>Intended use of net proceeds</b>			
(i) repayment of indebtedness of the Group	2.00	2.00	–
(ii) fund working capital of the Group	0.52	0.52	–
	2.52	2.52	–

The net proceeds from the aforesaid subscription has been fully utilised as at 31 December 2025.

## SUBSCRIPTION OF CONVERTIBLE BONDS UNDER THE SPECIFIC MANDATE

Reference is made to the announcements of the Company dated 21 April 2025, 21 July 2025 and 22 July 2025 ("Announcements") and the Company's circular dated 27 June 2025 ("Circular"). Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Announcements and the Circular.

On 20 April 2025, the Company entered into three separate CB Subscription Agreements with YuYu Future Investment Limited, Protoss Global Opportunities Fund and Providence Discovery Fund, respectively. Each of the CB Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the unlisted convertible bonds with principal amount of HK\$15,000,000 per CB Subscriber, representing an aggregate principal amount of HK\$45,000,000.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CB Subscribers and their ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined by the Listing Rules).

The Convertible Bonds may be converted into aggregate 93,730,473 Conversion Shares (as adjusted by Share Consolidation) at the Conversion Price of HK\$0.4801 (as adjusted by Share Consolidation) per Conversion Share upon exercise of the conversion rights attached to the Convertible Bonds in full. Each CB Subscriber will be entitled to receive 31,243,491 Conversion Shares. The maximum aggregate nominal value of the Conversion Shares is HK\$9,373,047 (as adjusted by Share Consolidation).





## SUBSCRIPTION OF CONVERTIBLE BONDS UNDER THE SPECIFIC MANDATE

(continued)

The Conversion Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

As at 17 April 2025, being the last trading day immediately preceding the date of the CB Subscription Agreements, the closing market price of the Company's ordinary shares was HK\$0.06 per share (prior to the Share Consolidation).

On 21 July 2025, the Convertible Bonds with an aggregate principal amount of HK\$45,000,000 have been issued to the CB Subscribers in accordance with the terms and conditions of their respective CB Subscription Agreements. Subject to full conversion, a maximum of 93,730,473 Conversion Shares (as adjusted by Share Consolidation) may be allotted and issued pursuant to the conversion rights attached to the Convertible Bonds. Each CB Subscriber will be entitled to receive 31,243,491 Conversion Shares.

The Convertible Bonds carry an annual interest rate of 6% on the outstanding principal amount. Accrued interest is payable on each anniversary of the initial issue date of the Convertible Bonds. The Convertible Bonds will mature three years from the issue date of the Convertible Bonds, with an option to extend the maturity by an additional two years thereafter.

The gross proceeds and net proceeds of the CB Subscription are approximately HK\$45.00 million and HK\$40.67 million respectively. The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.4339 (as adjusted by Share Consolidation).

The Board has carefully considered the Group's financial position, including the net liabilities and the aggregate outstanding debt. In light of the Group's limited cash resources and the need to strengthen liquidity while minimizing immediate equity dilution, the Board believes that the issuance of Convertible Bonds represents a strategic and cost-effective financing solution. Convertible bonds allow the Company to raise capital at a lower interest rate compared to conventional borrowings, while offering flexibility to convert debt into equity over time. This structure not only aligns investor interests with the Company's long-term growth but also supports ongoing negotiations for debt extensions and provides a prudent buffer should alternative fundraising be required.

The following table sets forth a breakdown of the use of the net proceeds as at 31 December 2025:

	Allocation of net proceeds HK\$ million	Utilised during year ended 31 December 2025 HK\$ million	Unutilised as at 31 December 2025 HK\$ million
<b>Intended use of net proceeds</b>			
(i) repayment of bank loan	35.00	35.00	–
(ii) general working capital of the Group including staff cost and other office overhead	5.67	5.67	–
	40.67	40.67	–

The net proceeds from the aforesaid CB subscription has been fully utilised as at 31 December 2025.



## SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcements of the Company dated 31 October 2025 and 31 December 2025 (“Announcements”), and the Company’s circular dated 25 December 2025 (“Circular”). Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Announcements and the Circular.

On 31 October 2025, the Company entered into separate Subscription Agreements with the three Subscribers, respectively, namely China Aviation Development Limited, Voyage Capital Holdings Limited and Hong Kong Gold and Jewelry Accessories Group Limited, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 10,000,000 Subscription Shares at the Subscription Price of HK\$2.00 per Subscription Share. The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

(a) China Aviation Development Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 2,500,000 Subscription Shares at the Subscription Price of HK\$2.00 per Subscription Share; (b) Voyage Capital Holdings Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 2,500,000 Subscription Shares at the Subscription Price of HK\$2.00 per Subscription Share; and (c) Hong Kong Gold and Jewelry Accessories Group Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 5,000,000 Subscription Shares at the Subscription Price of HK\$2.00 per Subscription Share.

China Aviation Development Limited is a company incorporated in the British Virgin Islands with limited liability which is primarily engaged in investment and consultancy business, is ultimately beneficially wholly-owned by Mr. Guo Ke (郭可), who is the Independent Third Party as at the date of the Subscription Agreements.

Voyage Capital Holdings Limited is a company incorporated in the British Virgin Islands with limited liability which is primarily engaged in investment business, is ultimately beneficially wholly-owned by Mr. Li Yuhang (李宇航). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save as Voyage Capital Holdings Limited’s ultimate beneficial owner directly held 10,414,497 Convertible Bonds, Voyage Capital Holdings Limited and its ultimate beneficial owner are Independent Third Parties as at the date of the Subscription Agreements.

Hong Kong Gold and Jewelry Accessories Group Limited is a company incorporated in Hong Kong with limited liability which is primarily engaged in import and export trading business, is ultimately beneficially wholly-owned by Mr. Zhang Jier (張繼兒), who is the Independent Third Party as at the date of the Subscription Agreements.

The Subscription was completed on 31 December 2025. An aggregate of 10,000,000 new shares were issued and allotted under the Specific Mandate at the Subscription Price of HK\$2.00 per Subscription Share.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save as disclosed above, each of the Subscribers and its ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$1.97 per Subscription Share. The aggregate nominal value of the Subscription Shares will be HK\$1,000,000. The closing price as quoted on the Stock Exchange on 31 October 2025, being the date of the Subscription Agreements, is HK\$2.05 per share.

The gross proceeds and net proceeds of the Subscription are HK\$20 million and approximately HK\$19.72 million, respectively. The Directors believe that the Subscription will help reduce the Group’s gearing ratio and enhance the Company’s overall financial stability.





## SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE (continued)

The following table sets forth a breakdown of the use of the net proceeds as at 31 December 2025:

	Allocation of net proceeds HK\$ million	Utilised during year ended 31 December 2025 HK\$ million	Unutilised as at 31 December 2025 HK\$ million	Expected time of use HK\$ million
<b>Intended use of net proceeds</b>				
(i) repaying debts of the Group	15.00	–	15.00	by the end of 2026
(ii) funding the Group's working capital	4.72	–	4.72	by the end of 2026
	19.72	–	19.72	

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold, redeemed or cancelled any of the Company's listed securities (including sale of treasury shares) during the year. As at 31 December 2025, there were no treasury shares (as defined under the Listing Rules) held by the Company.

## SHARE OPTION SCHEME

At the annual general meeting of the Company held on 29 May 2025, an ordinary resolution was approved by the Shareholders for the adoption of a new share option scheme (the "2025 Scheme") and is effective for a period of 10 years commencing on the adoption date of 30 May 2025 (the "Adoption Date"). The old share option scheme adopted on 2 June 2015 (the "2015 Scheme") was terminated upon the adoption of the 2025 Scheme. Apart from the 2025 Scheme, the Group have no other share schemes under Chapter 17 of the Listing Rules as at the end of reporting period and as at the date of this Annual Report.

No share option was granted under the 2015 Scheme from 1 January 2025 to its expiration date. The outstanding options granted under the 2015 Scheme will remain valid and exercisable in accordance with the terms of grant and the rules of the 2015 Scheme after adoption of the 2025 Scheme, though no new share options will be granted under the 2015 Scheme after adoption of the 2025 Scheme. As at 1 January 2025, the number of share options available for grant under the 2015 Scheme was 1,740,662 (adjusted following Share Consolidation) and remained the same as of its expiration date. 580,220 shares (2024: 23,208,832 (equivalent to 2,320,880 shares following Share Consolidation on 16 July 2025)) that may be issued in respect of options granted under 2015 Scheme during the year ended 31 December 2025 divided by the weighted average number of shares of the relevant class in issue of 31,635,000 shares (2024: 290,110,400 shares) for the year is 1.83% (2024: 8%).

As at 30 May 2025 (i.e. the adoption date) and 31 December 2025, the number of share options available for grant under the 2025 Scheme was 2,901,104 (adjusted following Share Consolidation) and nil. The service provider sublimit (as defined in the Listing Rules) was 290,110 (adjusted following Share Consolidation) as at the Adoption Date and nil as at 31 December 2025. 2,901,104 share options were granted during the year ended 31 December 2025. The number of Shares that may be issued in respect of the share option granted under the 2025 Scheme during year ended 31 December 2025 divided by the weighted average number of Shares in issue for the year ended 31 December 2025 was approximately 9.17%. The total number of shares available for issue under the 2025 Scheme was 2,901,104, representing approximately 6.47% of the total issued Shares as at the date of this Annual Report.



## SHARE OPTION SCHEME (continued)

Summary of the 2015 Scheme and 2025 Scheme as required to be disclosed under Chapter 17 of the Listing Rules are set out in note 30 to the consolidated financial statements. Up to the date of this Annual Report, there were no changes in the disclosure of note 30 to the consolidated financial statements.

Apart from the 2015 Scheme and 2025 Scheme, at no time during the year and up to the date of this report the Company or any associated corporation was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercised any such rights.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed “Share Option Scheme” and the Subscription Agreements, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

## SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, there was a sufficient public float throughout the year ended 31 December 2025 and as at the latest practicable date prior to the issue of this Annual Report.

## TAX RELIEF

The Company is not aware of any relief from taxation to which the Shareholders are entitled by reason of their holding of the Shares.





## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, save as disclosed below, so far as is known to the Company's Directors or chief executives of the Company, no person (other than the Company's Directors or chief executives of the Company) had interests or short positions in any shares or underlying shares of the Company which will fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO"), or which are recorded in the register of interests required to be kept by the Company under Section 336 of the SFO and no person (other than the Company's Director or chief executive of the Company), had interests or short positions in any shares or underlying shares of the Company, who is expected, directly or indirectly, to be interested in 10% 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 member of the Group or has any options in respect of such capital.

Long positions in the shares of the Company:

Name of Shareholder	Capacity/ nature of interest	Number of Shares	Number of underlying Shares	Approximate percentage of total issued share capital <small>(notes 6 &amp; 7)</small>
Providence Discovery Fund <sup>(notes 1 &amp; 5)</sup>	Beneficial owner	–	47,906,686	106.90%
Protoss Global Opportunities Fund <sup>(notes 2 &amp; 5)</sup>	Beneficial owner	–	31,243,491	69.72%
Mr. Li Yuhang <sup>(notes 3 &amp; 5)</sup>	Beneficial owner	–	10,414,497	23.24%
Mr. Bi Wei <sup>(notes 2 &amp; 5)</sup>	Beneficial owner	2,901,104	4,165,799	15.77%
HONG KONG GOLD AND JEWELRY ACCESSORIES GROUP LIMITED	Beneficial owner	5,000,000	–	11.16%
Great Virtue Holding Limited <sup>(note 4)</sup>	Beneficial owner	4,688,000	–	10.46%
Providence Capital Group Limited <sup>(note 1)</sup>	Beneficial owner	2,901,103	–	6.47%
China Aviation Development Limited	Beneficial owner	2,500,000	–	5.58%
Voyage Capital Holdings Limited	Beneficial owner	2,500,000	–	5.58%

Notes:

- The investment manager of Providence Discovery Fund is Providence Capital Group Limited.
- The ultimate beneficial owner of Protoss Global Opportunities Fund is Mr. Bi Wei.
- The ultimate beneficial owner of Voyage Capital Holdings Limited is Mr. Li Yuhang. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Li Yuhang is one of the CB holders, whose directly hold the Convertible Bonds which can be converted into 10,414,497 Shares.
- The entire issued share capital of Great Virtue Holding Limited ("Great Virtue") is beneficially owned by Mr. William Waileung Kong, and therefore, Mr. William Waileung Kong is deemed to be interested in the same number of Shares in which Great Virtue is interested under provisions of the SFO.



## INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Notes: (continued)

- Pursuant to the terms of the Convertible Bonds, the Company is not obliged to adjust the conversion price or issue Shares in satisfaction of the conversion rights attached to the Convertible Bonds in breach of the Company's obligations under the Listing Rules (including but not limited to the minimum public float requirement of the Listing Rules) or in breach of the Takeovers Code. Accordingly, the conversion of the Convertible Bonds is subject to the conditions that the conversion will not result in any breach of the minimum public float requirements under Rule 8.08(1)(a) the Listing Rules or the Takeovers Code. The Convertible Bonds will not be converted if it results or will result in the holders of the Convertible Bonds (or any of its parties acting in concert with it within the meaning of the Takeovers Code) being obliged to make a mandatory offer for all the Shares under the Takeovers Code unless (i) the mandatory offer obligations under the Takeovers Code have been complied with; or (ii) prior approval or waiver from the Executive of the Securities and Futures Commission, and (where so required) approval of the whitewash waiver by the Shareholders, have been obtained in accordance with the requirements of the Takeovers Code (and where any conditions to which such approval or waiver is subject are duly complied with).
- The percentages are calculated based on the total number of shares of the Company in issue as at 31 December 2025 which was 44,813,247.
- The shareholding percentage exceeds 100% because it includes the potential shares to be issued upon conversion of convertible bonds.

## DIRECTORS

The following is the list of Directors during the year and up to the date of this report (unless otherwise stated). Information about Directors' appointments, retirements and remuneration is set out in the Corporate Governance Report of this Annual Report.

### Executive Director

Mr. He Xinyu<sup>1</sup>

Mr. Fung Pak Kei (*Chief Executive Officer*)<sup>2</sup>

Mr. Ho Hon Chung, Ivan (*Acting Chief Executive Officer*)<sup>3</sup>

### Non-executive Director

Ms. Kwan Nga Chung

Mr. Au Tat Wai<sup>3</sup>

Mr. Fung Wa Ko<sup>3</sup>

### Independent Non-executive Directors

Mr. Leung Chi Hung (*Lead Independent Non-executive Director*)<sup>4</sup>

Mr. Lo Chi Wang

Ms. Li Dan<sup>1</sup>

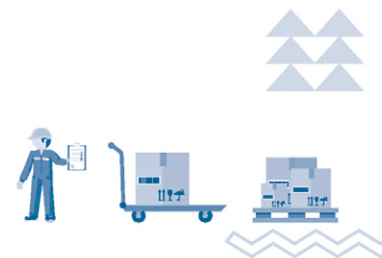
Mr. Tse Yuen Ming<sup>5</sup>

Notes:

- Appointed on 8 August 2025
- Resigned on 8 September 2025
- Resigned on 30 May 2025
- Appointed as Lead Independent Non-executive Director on 30 May 2025
- Resigned on 8 August 2025



# DIRECTORS' REPORT



## DIRECTORS (continued)

In accordance with the Bye-Laws, one-third of the Directors will retire from office at the Company's annual general meeting. In accordance with bye-law 84 of the Bye-Laws, Ms. Kwan Nga Chung will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer herself for re-election.

In accordance with bye-law 83 of the Bye-Laws, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. He Xinyu and Ms. Li Dan, who were appointed by the Board as an executive Director and an independent non-executive Director on 8 August 2025 respectively, will hold office until the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract which is not determinable by the Group within 1 year without payment of compensation (other than statutory compensation).

## DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

Updated biographies of the current Directors are set out in the Directors of the Company section of this Annual Report, as well as the changes in their emoluments as set out in note 10 to the consolidated financial statements.

Save as disclosed above, there is no other changes in the Directors' information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the existing Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

## INTERESTS OF DIRECTORS

As at 31 December 2025, save as disclosed below, none of the Company's Directors or chief executives of the Company nor their respective associates had any interests and short positions in any shares, underlying shares and 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 Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.





# DIRECTORS' REPORT



## INTERESTS OF DIRECTORS (continued)

Long positions in the shares and underlying shares of the Company:

Name of Director	Capacity/ nature of interest	Number of shares held	Number of share options held (Note 1)	Total interests	Approximate percentage of total issued share capital (Note 3)
He Xinyu	Beneficial Owner	–	322,344	322,344	0.00% <sup>(Note 2)</sup>

Notes:

1. Details of share options held by the Directors stated in the section “Share Option Scheme”.
2. Less than 0.01%
3. The percentages are calculated based on the total number of shares of the Company in issue as at 31 December 2025 which was 44,813,247.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed “Share Option Scheme” above, at no time during the year ended 31 December 2025 the Company or any of its subsidiaries or fellow subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights.

## DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in note 32 to the consolidated financial statements attached to this Annual Report, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time in 2025 was a Director or his or her connected entity had, directly or indirectly, a material interest was entered into at any time during the year or subsisted at the end of the year.

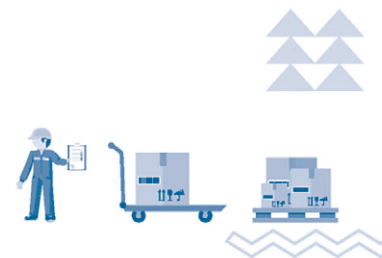
## CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS OF SIGNIFICANCE

Neither contract of significance made between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries, nor contract of significance made for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into during the year.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Company did not have any non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. The related party transactions described in note 32 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and have complied with the disclosure requirements under Chapter 14A of the Listing Rules.





## DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors (not being the Independent Non-executive Directors) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as defined in the Listing Rules during the year and up to the date of this report.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, every Director shall be entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

## MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

## CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report of this Annual Report.

## EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in Note 36 to the consolidated financial statements.

## AUDITOR

Forvis Mazars CPA Limited has resigned as the auditor of the Company with effect from 28 November 2025. Linksfield CPA Limited was appointed as the auditor of the Company in place of Forvis Mazars CPA Limited. For the details, please refer to the announcement of the Company dated 28 November 2025.

Save as disclosed above, there was no change in auditor during the past three years.

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Linksfield CPA Limited, who will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Linksfield CPA Limited as the auditor of the Company is to be proposed at the Annual General Meeting.

All references above to other sections, reports or notes in this Annual Report form part of this report. Approved by the Board on 30 March 2026.

**He Xinyu**  
*Executive Director*





## CORPORATE GOVERNANCE PRACTICES

The Board believes that corporate governance is essential to the success of the Company and will bring long-term benefits to the Shareholders. For this reason, the Company is always committed to upholding high standards of corporate governance and has adopted a set of sound governance principles, practices and procedures, to systematically review the work procedures in different departments. Risk Management Policy has been established to formalise the risk management of the Group, to build up a standard and effective risk management system, improve the ability of risk prevention, so as to ensure that the Group is operating in a safe and steady environment, the operations management level could be increased and the Group's operational strategies and targets could be achieved. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code in Appendix C1 (the "CG Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and complied with all the code provisions as set out in the CG Code, except the deviations in paragraph headed "Chairman and Chief Executive".

Following sustained development of the Company, the Board and management will continue to monitor the corporate governance practices of the Company to ensure that daily business activities and decision-making processes are regulated in a proper and prudent manner.

## CORPORATE GOVERNANCE STRUCTURE

The Board is charged with the duty to put in place a proper corporate governance structure of the Company. It is primarily responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. Under the Board, there are currently 3 sub-committees, namely audit committee, nomination committee and remuneration committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the management.

## BOARD OF DIRECTORS

### Board Composition

The Board members for the year ended 31 December 2025 and up to the date of this Annual Report are:

### Executive Director

Mr. He Xinyu<sup>1</sup>

Mr. Fung Pak Kei (*Chief Executive Officer*)<sup>2</sup>

Mr. Ho Hon Chung, Ivan (*Acting Chief Executive Officer*)<sup>3</sup>

### Non-executive Director

Ms. Kwan Nga Chung

Mr. Au Tat Wai<sup>3</sup>

Mr. Fung Wa Ko<sup>3</sup>

### Independent Non-executive Directors

Mr. Leung Chi Hung (*Lead Independent Non-executive Director*)<sup>4</sup>

Mr. Lo Chi Wang

Ms. Li Dan<sup>1</sup>

Mr. Tse Yuen Ming<sup>5</sup>

Notes:

1. Appointed on 8 August 2025
2. Resigned on 8 September 2025
3. Resigned on 30 May 2025
4. Appointed as Lead Independent Non-executive Director on 30 May 2025
5. Resigned on 8 August 2025

\* The amendments to the Corporate Governance Code (Appendix C1) effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.





## BOARD OF DIRECTORS (continued)

The biographical details of all Directors and the relationships among them are set out in the “Directors of the Company” section of this Annual Report.

### Independent Non-executive Directors

Pursuant to Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed 3 Independent Non-executive Directors, representing more than one-third of the Board, of whom Mr. Leung Chi Hung and Mr. Lo Chi Wang are certified public accountants (Practising) in Hong Kong. Mr. Leung Chi Hung has commenced his accountancy professional training since 1976 and is now a member of multiple international accountancy bodies. Mr. Lo Chi Wang has over 20 years of experience in accounting and finance and is now a member of multiple international accountancy bodies.

The Independent Non-executive Directors take an active role in board meetings, contribute to the development of strategies and policies and make sound judgement in various aspects. They will take lead when potential conflicts of interest arise. They are also the members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company. Thus, the Board considers the current Board size as adequate for its present operations.

The Company has received from each of its Independent Non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmations, considers Mr. Leung Chi Hung, Mr. Lo Chi Wang and Ms. Li Dan are independent.

### Independent View Mechanism

The independent view policy of the Company (the “Independent View Policy”) was adopted by the Board and became effective on 1 January 2022.

The Independent View Policy is established to ensure independent views and input are available to the Board.

The Company adopted the director’s nomination policy (the “Nomination Policy”). The nomination process of Directors, including Independent Non-executive Directors, is included in the Nomination Policy.

The Board should include at least three Independent Non-executive Directors. At least one of the Independent Non-executive Directors has served less than 9 years on the Board. At least one of the Independent Non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. The Company must appoint Independent Non-executive Directors representing at least one-third of the Board. The Company shall appoint a sufficient number of Independent Non-executive Directors to meet the minimum number required above within three months after failing to meet the requirement(s).

## **BOARD OF DIRECTORS** (continued)

### **Independent View Mechanism** (continued)

The Board committees should comprise a majority of Independent Non-executive Directors.

Directors should disclose to the Company at the time of their appointments, and in a timely manner for any changes, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed.

When selecting Independent Non-executive Directors, the candidates' availability should be considered as sitting on a Board involves a significant time commitment. Independent Non-executive Directors must dedicate time to reading materials prior to Board meetings in order to make the hours spent in meetings effective. They also have to learn to understand the Company's complex business and operational details, market forces and future perspectives.

The Nomination Committee should be aware of the factors which may affect an individual's time commitment to the Company.

Upon reasonable request, Directors may seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors should have access to the advice and services of the company secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed.

The Board was satisfied with the implementation and effectiveness of the Independent View Policy for the year ended 31 December 2025.

The Board shall review the Independent View Policy annually. Any revisions to the Independent View Policy shall be considered and approved by the Board.

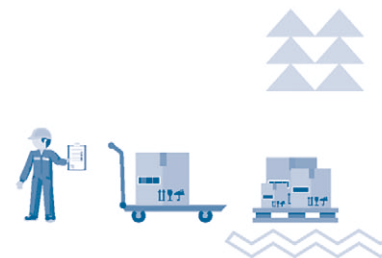
### **Role and Functions of the Board**

The Board is responsible for approving and monitoring business plans, evaluating the performance of the Group and overseeing management. The Board also focuses on overall strategies and policies with particular attention paid to the development and financial performance of the Group.

The Board delegates the authority and responsibility for implementing day-to-day operations and management of the Group to Executive Directors and senior management, and certain specific responsibilities to the Board committees. The Board reserves certain key matters for its approval including the Group's long-term strategy, internal control, annual and half-yearly financial results and Shareholder communications, etc. Decisions of the Board are communicated to the management through Executive Directors who have attended the Board meetings.

When the Board delegates certain aspects of its management functions to the management, it has given clear directions as to the powers of management, in particular, with respect to the circumstances. The final decision still rests with the Board unless otherwise provided for in the terms of reference of relevant committees.





## BOARD OF DIRECTORS (continued)

### Board Meetings and Board Practices

The Board meets at least 4 times regularly a year to review the financial and operating performance of the Group. Throughout the year ended 31 December 2025, 4 general meeting and 17 Board meetings were held, in which 4 are regular Board meetings. Details of the Directors' attendance are as follows:

	Attendance in general meetings	Attendance in Board meetings
<b>Executive Director</b>		
Mr. He Xinyu <sup>1</sup>	1/1	8/8
Mr. Fung Pak Kei ( <i>Chief Executive Officer</i> ) <sup>2</sup>	3/3	11/11
Mr. Ho Hon Chung, Ivan ( <i>Acting Chief Executive Officer</i> ) <sup>3</sup>	1/2	5/6
<b>Non-executive Director</b>		
Ms. Kwan Nga Chung	4/4	17/17
Mr. Au tat Wai <sup>3</sup>	2/2	5/6
Mr. Fung Wa Ko <sup>3</sup>	2/2	6/6
<b>Independent Non-executive Directors</b>		
Mr. Leung Chi Hung ( <i>Lead Independent Non-executive Director</i> ) <sup>4</sup>	4/4	17/17
Mr. Lo Chi Wang	4/4	17/17
Ms. Li Dan <sup>1</sup>	1/1	7/8
Mr. Tse Yuen Ming <sup>5</sup>	3/3	8/9

#### Notes:

1. Appointed on 8 August 2025
2. Resigned on 8 September 2025
3. Resigned on 30 May 2025
4. Appointed as Lead Independent Non-executive Director on 30 May 2025
5. Resigned on 8 August 2025

Notice of at least 14 days has been given to all Directors for all regular Board meetings and all the Directors can include matter for discussion in the agenda whenever they consider appropriate and necessary. The Directors will receive details of agenda items for decision at least 3 days before regular meetings. Apart from the regular Board meetings of the year, the Board had met on other occasions when a board level decision on a particular matter is required. Minutes of the Board meetings will be received by those Directors within reasonable time after the meetings.

In addition, to facilitate the decision-making process, the Directors are free to have access to the management for enquiries and to obtain further information. Where queries are raised by Directors, the management is responsible to respond as promptly and fully as possible. The Directors can also seek independent professional advice, in appropriate circumstances, at the Company's expense in performing their duties to the Company. All Directors have unrestricted access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision-making and that board procedures are being followed. The Company Secretary is also responsible for ensuring the procedures of the board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the board meetings. Moreover, the Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all Board meetings. The minutes are open for inspection at any reasonable time on reasonable notice by any Director.



## **BOARD OF DIRECTORS** (continued)

### **Board Meetings and Board Practices** (continued)

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at the relevant Board meeting. Any Director who or whose associates have any material interest in any proposed board resolutions will not be counted as a quorum in the relevant Board meeting and will be regarded as no vote for the Board resolutions.

### **Continuing Professional Development**

The Company Secretary is responsible to update the Board on governance and regulatory matters.

Introduction tailored kit will be given to newly appointed directors to their individual needs. This includes introduction to Group activities, induction into their responsibilities and duties, and other regulatory requirements. The Board is regularly updated with management's strategic plans, lines of business, financial objectives, plans and actions.

The Company will arrange and/or introduce some training courses for Directors to develop and explore their knowledge and skills.

According to the code provision C.1.4 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the board remains informed and relevant.

According to the records kept by the Company, each of the Directors, namely Mr. He Xinyu, Ms. Kwan Nga Chung, Mr. Leung Chi Hung, Ms. Li Dan and Mr. Lo Chi Wang had attended seminars and/or trainings that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors.

Each Director keeps abreast of his/her responsibility as a Director and of the conduct, business activities and development of the Company.

### **Directors' and Officers' Liabilities**

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise from the corporate activities, which has been complied with the code provision C.1.8 of the CG Code. The insurance coverage is reviewed on an annual basis.





## **BOARD OF DIRECTORS** (continued)

### **Appointment, Re-election and Removal**

The current letters of appointment of all Directors are for an initial term of 3 years from their respective dates of re-election or appointment by Shareholders or the Board. Such term shall end in any event on either: (i) termination by either party given the other not less than 3 months' notice; or (ii) the date on which the Director shall retire by rotation as required by the Bye-Laws of the Company (the "Bye-laws"), whichever is the earlier. The appointment of each Director is subject to retirement by rotation and re-election as required by the Bye-Laws.

According to the Bye-Laws, any director appointed by the Board to fill a casual vacancy or as an addition to the Board should be subject to election by Shareholders at the first annual general meeting after his/her appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every 3 years, so as to comply with code provision B.2.2 of the CG Code.

On 8 August 2025, Mr. He Xinyu was appointed as an executive Director and Ms. Li was appointed as an independent non-executive Director. They had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 8 August 2025 and has confirmed that they understood their obligations as a Director.

### **Chairman and Chief Executive**

According to the CG Code requirement, the chairman and chief executive of the Company should perform separate functions to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The chairman has executive responsibilities and provides leadership to the Board in terms of establishing policies and business directions. The chairman ensures that the Board works effectively and performs its responsibilities, and all key and appropriate issues are discussed by the Board in a timely manner.

Since there is no Chairman in the Company during the year ended 31 December 2025, there was no meeting held between the Chairman and the Independent Non-executive Directors without the presence of other Directors and the Company did not comply with the code provision C.2.7 of the CG Code.

According to the code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting and invite the chairmen of the Audit, Nomination and Remuneration Committees to answer the questions at the general meeting. Since there was no Chairman in the Company during the year ended 31 December 2025, the Company did not comply with code provision F.2.2 of the CG Code. The Company had arranged for other Directors and management who are well-versed in the Company's business and affairs to attend the 2025 annual general meeting and communicate with the Shareholders.

The Board does not have the intention to fill the position of Chairman at present and believes that the absence of a Chairman will not have adverse effect to the Company, as decisions of the Company will be made collectively by the Board. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of Chairman. Appointment will be made to fill the post to comply with the CG Code if necessary.



## COMMITTEES OF THE BOARD

### **Nomination Committee**

The nomination committee of the Company (the “Nomination Committee”) was established on 30 June 2005 with adoption of its terms of reference on 12 July 2005. In order to comply with the CG Code, the terms of reference of the Nomination Committee were amended and approved on 2 June 2025. They include making recommendations for all appointment and re-appointment of Directors to the Board and the relevant terms of reference are available on the websites of the Stock Exchange and the Company. The Nomination Committee currently comprises 4 members, 3 of whom are Independent Non-executive Directors and 1 of whom is Non-executive Director and its members are:

Ms. Li Dan (*Chairman*)

Mr. Leung Chi Hung

Mr. Lo Chi Wang

Ms. Kwan Nga Chung

### **Director’s Nomination Policy**

The latest updated version of the Nomination Policy was adopted by the Board and became effective on 1 January 2022 and the Nomination Committee is responsible for execution.

### **Director Nomination Process**

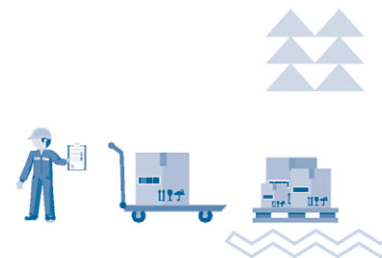
The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and headhunters. The Nomination Committee may also put forward director candidates who are not nominated by Board members. In addition, the Nomination Committee will consider director candidates properly submitted by Shareholders through formal procedures set out in the Company’s Procedures for Shareholders to Propose a Person for Election as a Director.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board’s consideration and approval. For proposing director candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the director’s qualifications. While director candidates will be evaluated on the same criteria, the Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, and experiences of the collective Board rather than on the individual candidate.

The Board shall have the final decision on all matters relating to the recommendation of director candidates by the Nomination Committee to stand for election at any general meeting. The Board will take such recommendations under advisement and is responsible for designating the director candidates to be elected at the annual general meeting of the Company and electing directors to fill Board vacancies.





## **COMMITTEES OF THE BOARD** (continued)

### **Nomination Committee** (continued)

#### **Director's Nomination Policy** (continued)

##### Procedure for Appointment of New Director

Director candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.

The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the director candidate, evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship.

If the process yields one or more desirable director candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each director candidate (where applicable).

For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

A director candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

Until the issue of the Shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

##### Procedure for Re-appointment of Director at General Meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors including their attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring Directors continue to meet the criteria as set out below.

The Nomination Committee and/or the Board shall then make recommendation to the Shareholders in respect of the proposed re-election of Directors at the general meeting.



## COMMITTEES OF THE BOARD (continued)

### Nomination Committee (continued)

#### Director's Nomination Policy (continued)

##### Director Selection Criteria

The Nomination Committee considers the following qualifications are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director:

1. the highest personal and professional ethics and integrity;
2. proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
3. qualifications including professional qualifications, skills, knowledge and experience that are complementary to those of the existing Board;
4. the ability to assist and support management and make significant contributions to the Company's success;
5. the contribution on diversity of the Board and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;
6. an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and
7. meet the "independence" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules from time to time (where applicable).

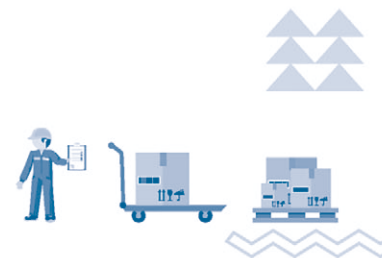
Other than the foregoing, there are no stated minimum criteria for director candidate, although the Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders.

##### Review and Revision

The Nomination Committee shall review the Nomination Policy to ensure the effectiveness of the Nomination Policy annually. The Nomination Committee shall discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee is also responsible for assessing the independence of each Independent Non-executive Director and conducting formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. In evaluating the Board's composition, the Nomination Committee considers a number of factors, including those set out in the CG Code.





## COMMITTEES OF THE BOARD (continued)

### Nomination Committee (continued)

#### Nomination of Candidate

In accordance with the Bye-Laws, one-third of the Directors will retire from office at the Company's annual general meeting. In accordance with bye-law 84 of the Bye-Laws, Ms. Kwan Nga Chung will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer herself for re-election.

In accordance with bye-law 83 of the Bye-Laws, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. He Xinyu and Ms. Li Dan, who were appointed by the Board as an executive Director and an independent non-executive Director on 8 August 2025 respectively, will hold office until the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

During the year ended 31 December 2025, the Nomination Committee has reviewed the structure, size and composition of the Board, including the balance of skills, knowledge and experience and independence of the Independent Non-executive Directors and made recommendation to the Board accordingly.

#### Board Diversity Policy

The latest updated version of the board diversity policy of the Company (the "Board Diversity Policy") was adopted by the Board and became effective on 1 January 2022 and the Nomination Committee is responsible for execution.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board is committed to maintaining diversity at all levels. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The recruitment and selection practices of the Board are appropriately structured in the Nomination Policy so that a diverse range of candidates are considered.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. the number of Independent Non-executive Directors should be not less than three and one-third of the Board;
2. at least one of the Independent Non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise;
3. at least one Director should be the professional or have intensive experience of the industry on which the business of the Group is; and
4. the Board will not consider diversity to be achieved for a single gender Board.

The Board currently comprises of 5 Directors, two of which are female. The Board has meet the measurable objectives under Board Diversity Policy for the year ended 31 December 2025.

The Nomination Committee shall review the Board Diversity Policy annually, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.



## COMMITTEES OF THE BOARD (continued)

### Nomination Committee (continued)

#### Board Diversity Policy (continued)

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy. The Nomination Committee reviews the composition of the Board from diversified angles up to the date of this Annual Report. As to diversity in respect of all employees, in the year ended 2025, the Group had 149 full-time employees, of which 98 were male and 51 were female. The gender ratio in the workforce was approximately 2 males to 1 female.

#### Workforce Level

The Group's core business is engaged in the operations of cold storage and logistics services. Our business also provides customers in this segment with a host of ancillary services, from transportation to distribution, container hauling and devanning, packaging and logistics services. Due to the uniqueness of the industry, traditionally most of the Company's employees are males.

The details of workforce composition in our cold storage and logistics services business were disclosed under Environmental, Social and Governance Report in this Annual Report. Setting a measurable objective for achieving gender diversity at workforce level is not yet suitable for cold storage and logistics services industry at current stage.

### Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 30 June 2005 with adoption of its terms of reference on 12 July 2005. In order to comply with the CG code, the latest terms of reference of the Remuneration Committee were amended and approved on 1 January 2023. The latest terms of reference are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee currently comprises 3 Independent Non-executive Directors and its members are:

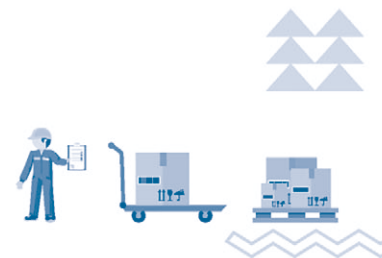
Mr. Lo Chi Wang (*Chairman*)

Mr. Leung Chi Hung

Ms. Li Dan

The Remuneration Committee performed the responsibility of making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, including benefits-in-kind, pension rights, and compensation payments, including any compensation payable for loss or termination of their office or appointment and advising the Board on the remuneration of all Non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management, the Remuneration Committee takes into account of the corporate goals and objectives of the Group as well as the performance of those individual Directors and senior management.





## COMMITTEES OF THE BOARD (continued)

### Remuneration Committee (continued)

Remuneration package for Executive Directors:

1. The remuneration for the Executive Directors comprises basic salary, annual bonus, other benefits and retirement benefits scheme.
2. Salaries are reviewed annually. Salary increases are made where the Remuneration Committee believes that adjustments are appropriate to reflect performance, contribution, increased responsibilities and/or by reference to market/sector trends.
3. In addition to basic salary, Executive Directors and employees of the Company and its subsidiaries are eligible to receive a discretionary bonus taking into consideration factors such as market conditions as well as corporate and individual performances.
4. In order to attract, retain and motivate executives and key employees of the Group, the Company has adopted a share option scheme on 30 May 2025 (the “2025 Scheme”). Such incentive scheme enables the eligible persons to obtain an ownership interest in the Company and thus will motivate them to optimise their contributions to the Group.

Details of the amount of Directors’ emoluments during the financial year ended 31 December 2025 are set out in note 10 to the consolidated financial statements and details of the share option scheme are set out in the Directors’ Report and note 30 to the consolidated financial statements.

During the year ended 31 December 2025, the significant matters discussed by the Remuneration Committee are summarised as follows:

- Reviewed the current remuneration policy of the Group and made recommendation to the Board;
- Reviewed the remuneration package of the board members of the Group and made recommendation to the Board; and
- Reviewed the remuneration package of Mr. He Xinyu and Ms. Li Dan, who has been appointed as an executive Director and an independent non-executive Director on 8 August 2025 respectively.



## COMMITTEES OF THE BOARD (continued)

### Remuneration Committee (continued)

#### Remuneration Policy

The latest updated version of the remuneration policy of the Company (the “Remuneration Policy”) was adopted by the Board on 1 January 2022.

Quality and committed staff are valuable assets contributing to the Group’s success. To ensure the ability to attract and retain talents, the Remuneration Policy is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Remuneration Policy is, therefore, aiming at being competitive but not excessive.

The remuneration structure is designed to ensure that there is an appropriate balance of fixed and variable rewards, which include both short-term and long-term incentives, and is weighted towards performance-related elements that take into account individual, functional and corporate performance. No one should be involved in deciding his or her own remuneration.

The Remuneration Committee has been delegated to make recommendations to the Board on the remuneration packages of individual Executive Directors and Non-executive Directors.

The remuneration for the Executive Directors comprises basic salary, annual bonus, other benefits and retirement benefits scheme.

Salaries should be reviewed annually. Salary increases are made where the Remuneration Committee believes that adjustments are appropriate to reflect performance, contribution, increased responsibilities and/or by reference to market/sector trends. In addition to basic salary, Executive Directors of the Group are eligible to receive a discretionary bonus taking into consideration factors such as market conditions as well as corporate and individual performances.

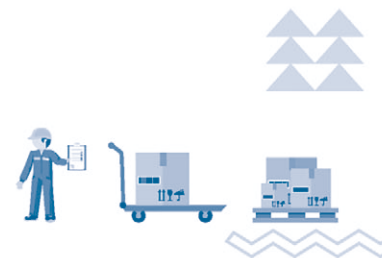
The remuneration for the Non-executive Directors (Remark: including Independent Non-executive Directors) comprises directors’ fee and are not covered by any type of incentive or performance-related remuneration for now.

The objective of remunerating Non-executive Directors is to ensure that there is an appropriate level of remuneration to attract and retain experienced people of high caliber to oversee the Group’s business and development. Their remuneration is reviewed annually with reference to companies of comparable business or scale, and any changes are subject to Board approval.

Executive Directors and Non-executive Directors are eligible participants of the share option scheme.

The Remuneration Committee shall review the Remuneration Policy, to ensure the effectiveness of the Remuneration Policy annually. The Remuneration Committee shall discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.





## COMMITTEES OF THE BOARD (continued)

### Audit Committee

The audit committee of the Company (the “Audit Committee”) was established on 12 January 2000 with reference to “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants. In accordance with the requirements of the CG Code, the latest terms of reference of the Audit Committee were adopted on 31 December 2018 and are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently comprises 3 Independent Non-executive Directors and its members are:

Mr. Leung Chi Hung (*Chairman*)

Mr. Lo Chi Wang

Ms. Li Dan

The primary duties of the Audit Committee are to review, supervise and ensure the objectivity and credibility of financial reporting system, the internal audit function, risk management and internal control systems as well as to maintain an appropriate relationship with the external auditors of the Company.

During the year ended 31 December 2025, the Audit Committee had performed the following work:

#### 1. Financial Reporting

- reviewed the audited annual consolidated financial statements for the year ended 31 December 2024 in conjunction with the external auditor;
- reviewed the unaudited quarterly consolidated financial statements for the 3 months ended 31 March 2025 and 9 months ended 30 September 2025 and the unaudited interim consolidated financial statements for the 6 months ended 30 June 2025;
- reviewed the financial and accounting policies and practices adopted by the Group;
- reviewed the auditing and financial reporting matters, including the key audit matters of the consolidated financial statements for the year ended 31 December 2024 which are set out in the annual report of the Company for the year ended 31 December 2024;
- reviewed the audit planning for the year ended 31 December 2025 in conjunction with the external auditor;

#### 2. External Auditor

- reviewed and approved the remuneration of external auditors of the Company;
- reviewed the re-appointment of external auditor of the Company and was satisfied with their work, their independence, and their objectivity, and therefore recommended the re-appointment of Forvis Mazars CPA Limited (which had indicated their willingness to continue in office) as the Group’s external auditor for Shareholders’ approval at the 2025 annual general meeting;

## COMMITTEES OF THE BOARD (continued)

### Audit Committee (continued)

#### 3. Internal Audit

- reviewed the effectiveness of the internal audit function performed by independent professional adviser;

#### 4. Risk Management and Internal Controls

- reviewed the daily operation work-flow of the major departments and divisions for sub-group; and
- reviewed the effectiveness of risk management and internal control systems.

Each member of the Audit Committee has unrestricted access to the auditors and all management of the Group. During the year ended 31 December 2025, the Audit Committee had met twice with the external auditors of the Company.

The Audit Committee has recommended to the Board that Linksfild CPA Limited, Certified Public Accountants and Registered Public Interest Entity Auditor, be nominated for re-appointment as auditor of the Company at the forthcoming annual general meeting of the Company.

At the meeting held on 26 March 2026, the Audit Committee reviewed the risk management and internal control review report, the Directors' report and audited consolidated financial statements for the year ended 31 December 2025 together with the annual results announcement, with a recommendation to the Board for approval.

### Attendance Record at Board Committee Meetings

The following table shows the attendance of the Board Committee meetings during the year ended 31 December 2025:

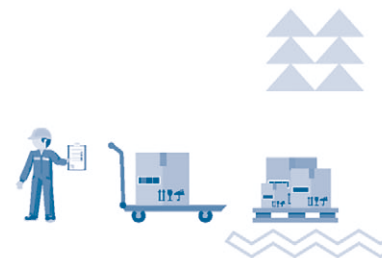
	Number of meetings attended/ Number of meetings held		
	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Leung Chi Hung	7/7	3/3	3/3
Mr. Lo Chi Wang	7/7	3/3	3/3
Ms. Li Dan <sup>1</sup>	4/4	NA	1/1
Ms. Kwan Nga Chung <sup>2</sup>	NA	1/1	NA
Mr. Tse Yuen Ming <sup>3</sup>	2/3	3/3	2/2

Notes:

1. Appointed on 8 August 2025
2. Appointed as a member on 30 May 2025
3. Resigned on 8 August 2025

The Board has ensured that the Board Committees are provided with sufficient resources to perform their duties.





## COMMITTEES OF THE BOARD (continued)

### Corporate Governance Functions

According to code provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board on 28 March 2012. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Group's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Group's compliance with the corporate governance code as set out in Appendix C1 to the Listing Rules and disclosure in the corporate governance report in annual report of the Company.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Audit Committee and the Board have reviewed the Company's audited financial statements for the year ended 31 December 2025. The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the external auditor of the Company, Linksfield CPA Limited, about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 88 to 89.

### Going concern

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration of the future liquidity of the Group in light of the fact that the Group incurred a net loss of approximately HK\$72,123,000 for the year ended 31 December 2025 and, as at that date, the Group's current liabilities exceed its current assets of approximately HK\$94,445,000 and its total liabilities exceed its total assets of approximately HK\$66,055,000. There is a material uncertainty related to these matters that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors considered that the net current liabilities and net liabilities positions of the Group as of 31 December 2025 were primarily due to the bonds payables amounted to HK\$67,500,000 which are due for repayment within 12 months after 31 December 2025. The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements, after taking into consideration of the followings:

- (1) the Group is negotiating and discussing with the bondholders, who have a history of extending bonds with the Company, on existing and future settlement/schedule plans related to the bonds and actively exploring the availability of fund-raising activities as and when appropriate;

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS (continued)

### Going concern (continued)

- (2) the Group is actively negotiating with potential investors to secure new equity or debt financing to meet the Group's working capital and financial requirements in the near future;
- (3) the Group continues to develop and operate the cold storage and related services and trading and sales of food beverage business segments such that they can bring operating cash inflows to the Group; and
- (4) the Group is actively negotiating with new potential customers to establish business cooperation, which, if successfully concluded, are expected to improve the liquidity, profitability and revenue of the Group.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the Directors, including members of the audit committee, are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. Furthermore, Providence Capital Group Limited, the Group's shareholder, has confirmed to provide continuing financial support to the Group so as to enable the Group to meet their liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. The Directors, including members of the audit committee, believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

However, should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a written securities dealing policy which contains a set of code of conduct regarding securities transactions by Directors, the terms of which are on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Securities Dealing Policy").

Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they had complied with the required standard set out in the Securities Dealing Policy during the year ended 31 December 2025. No incident of non-compliance was noted by the Company during the year ended 31 December 2025.

## EXTERNAL AUDITORS AND THEIR REMUNERATION

Forvis Mazars CPA Limited has resigned as the auditor of the Company with effect from 28 November 2025. Linkfield CPA Limited was appointed as the auditor of the Company in place of Forvis Mazars CPA Limited. Linkfield CPA Limited will hold office until the conclusion of the forthcoming annual general meeting of the Company. The annual financial statements for the year ended 31 December 2025 have been audited by Linkfield CPA Limited.

The Audit Committee is responsible for considering the appointment of the external auditors and also reviewing any non-audit functions performed by the external auditors of the Group. In particular, the Audit Committee will consider, in advance of them being contracted for and performed, whether such non-audit functions could lead to any potential material conflict of interest. The Audit Committee reviews each year a letter from the external auditor confirming its independence and objectivity and holds meeting with Linkfield CPA Limited to discuss the scope of its audit.





## EXTERNAL AUDITORS AND THEIR REMUNERATION (continued)

For the year ended 31 December 2025, the external auditors of the Group provided the following services to the Group:

	2025 HK\$'000
– Audit service for the audit of consolidated financial statements of the year ended 31 December 2025	850
– Non-audit services	–
<b>Total</b>	<b>850</b>

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has responsibility for maintaining appropriate and effective risk management and internal control systems (the “RM and IC Systems”) of the Group and reviewing its effectiveness through the Audit Committee. The Board has delegated its audit committee to review the Group’s risk management and internal control matters every half-year. The RM and IC Systems are designed to manage rather than eliminate risks of failure in operational systems so that the Company’s objectives can be achieved, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has an effective financial reporting system including the adequacy of resources, qualified and experienced staff and its training programmes and budget of the Group’s accounting and financial reporting function.

The internal control system is established to ensure that the financial and operational function, compliance control system, material control, asset management and risk management function are in place and functioning effectively to achieve business objective of the Group and prevent damage to the public image.

The Group has adopted a set of internal control procedures and policies for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial reporting used for business and publication, and ensuring the compliance with the relevant legislation and regulations.

The latest updated version of the whistle blowing policy of the Company (the “Whistle Blowing Policy”) was adopted by the Board on 1 January 2022. The Whistle Blowing Policy is intended to encourage and enable employees to report violations or suspected violations and to raise serious concerns about possible improprieties in matters of financial reporting or other matters. For details of the Whistle Blowing Policy, please refer to the Company’s website. No case of whistleblowing was noted by the Audit Committee during the year under review.

The Board, through the Audit Committee, conducts the periodic risk management and internal control reviews. The Company has been putting significant effort for improving the RM and IC Systems. Risk Management Policy has been established to formalise the risk management practice of the Group.

The Board sets the risk management objectives through board meetings from time to time. The Group has adopted a series of internal control measures including the strengthening of reporting lines to management. As a routine procedure and part of the RM and IC Systems, Executive Directors and the management meet regularly to review the financial and operating performance of the key operating subsidiaries. Management of each department is also required to keep Executive Directors informed of material developments of the department’s business and implementation status of strategies and policies set by the Board on a regular basis.



## RISK MANAGEMENT AND INTERNAL CONTROL (continued)

To further strengthen the risk management and internal control of the Group, the Company has engaged an independent professional adviser (the “Internal Control Adviser”) to carry out the internal audit functions by performing independent assessment of the adequacy of certain subsidiaries’ RM and IC systems. The Internal Control Adviser has conducted a review and made recommendations to improve the effectiveness of the Group’s RM and IC Systems.

The Company also has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest. The Company conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities & Futures Commission in 2012; and the “Guide on Disclosure of Price-sensitive Information” and “Recent Economic Developments and the Disclosure Obligations of Listed Issuers” issued by the Stock Exchange in 2002 and 2008 respectively. The Company has adopted an overall policy of open communication by pursuing the broad, non-exclusionary distribution of information to the public. The Company has imposed a strict prohibition on the unauthorised use of confidential or inside information. Such prohibition is included respectively in the Code of Conduct of the Board which applies to all Directors and the Employee Handbook which applies to all staff. Information which is expected to constitute inside information under the Listing Rules or the Securities & Futures Ordinance (the “SFO”) will be announced as soon as reasonably practicable after it becomes known to the Board and/or is the subject of a decision by the Board unless the information falls within any of the safe harbours as provided in the SFO. To ensure that the existing procedures continue to operate smoothly in practice, the Company undertakes regular reviews of the procedures having regard to the regulatory requirements and the expectations of the Shareholders and other stakeholders.

During the year ended 31 December 2025, the Audit Committee, with the assistance of the Internal Control Adviser, has developed current year RM and IC systems assessment plan, and focused on reviewing (i) operating process of the cold storage and related services segment (sales, receivables and receipt cycle and human resources management cycle); (ii) operating process of the ancillary logistics services segment (procurement, payables and payment cycle and human resources management cycle); (iii) compliance risk management controls of the Group; and (iv) follow up on recommendations from the previous year’s report.

During the year ended 31 December 2025, the Board was satisfied that the Group’s risk management and internal control processes are adequate to meet the needs of the Group in its current business environment and that nothing has come to its attention to cause the Board to believe the Group’s RM and IC Systems are inadequate. Moreover, the existing RM and IC Systems are effective and adequate, and will continue to be reviewed, added on or updated to provide for changes in the operating environment.

## COMPANY SECRETARY

All Directors have access to the advice and services of our Company Secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, our Company Secretary is responsible for facilitating communications among Directors as well as with the management. Ms. Yeung Pui Yee Holly has been appointed as Company Secretary since 1 September 2025. According to the Rule 3.29 of the Listing Rules, Ms. Yeung Pui Yee Holly has taken no less than 15 hours of relevant professional training for the year ended 31 December 2025.





## SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. The Company values communication with Shareholders and investors. Enquiries and suggestions from Shareholders or investors are welcomed, and enquiries from Shareholders may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's head office at Unit 2703, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong;
2. By telephone at telephone number (852) 3107 8600;
3. By fax at fax number (852) 2111 1438; or
4. By email at [irelations@daidohk.com](mailto:irelations@daidohk.com).

The annual general meeting is the principal forum for formal dialogue with Shareholders, where the Board is available to answer questions about specific resolutions being proposed at the meeting and also about the business of the Group. The management will ensure the external auditors of the Company to attend the forthcoming annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditors independence.

According to the Bye-Laws, Shareholders may request the Board at all times to call special general meetings if Shareholder(s) holds not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company at the date of deposit of the requisition. Shareholders shall request the Board to call special general meetings by written requisition to the Board or the Company Secretary of the Company through the above channels for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of the act of Bermuda.

Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening a special general meeting following the procedures as set out in the paragraph above.

If a Shareholder wishes to propose a person (the "Candidate") other than the retiring Directors, for election as a Director at a general meeting, a written notice (the "Notice") shall be deposited at the Company's head office in Hong Kong at Unit 2703, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.

The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data.

The period for lodgement of the Notice shall commence no earlier than the date after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.



## SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS (continued)

Extensive information about the Group's activities is provided in its annual reports and interim reports which are sent to Shareholders and investors. The Company's announcements, press release and publication are circulated and are also available on the website of the Stock Exchange. In order to provide effective disclosure to the Shareholders and investors and to ensure they all receive equal access to the same information at the same time, information considered to be of a price sensitive nature is released by way of formal public announcement as required by the Listing Rules.

In order to promote effective communication, the Company also maintains website (<https://www.irasia.com/listco/hk/daido/index.htm>) which discloses the latest information relating to the Group and its businesses.

### Shareholders Communication Policy

The latest updated version of the shareholders communication policy of the Company (the "Shareholders Communication Policy") was adopted by the Board on 1 January 2022.

The Company aims at establishing a two-way relationship between the Company and the Shareholders and promoting and facilitating continuous effective communication with the Shareholders. The objective of the Shareholders Communication Policy is to ensure that the Company provides timely, clear, reliable, material and comprehensive information for the Shareholders in exercising their rights as Shareholders in an informed manner. A dedicated section is available on the Company's website (<https://www.irasia.com/listco/hk/daido/index.htm>/<https://www.daidohk.com>).

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at general meetings for and on their behalf if they are unable to attend the general meetings.

The Company regards the annual general meeting as an important event in the financial year. All Directors and senior executives make a special effort to attend the annual general meetings. The chairman of the Board shall attend the annual general meetings. (Remark: as there have been no Chairman in the Company, the Company has arranged one of the Executive Directors acting as the general meeting chairman (the "Chairman")). The Chairman shall invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meetings. In their absence, the chairman shall invite another member of the committee or failing this their duly appointed delegate, to attend the annual general meetings. These persons shall be available to answer questions at the annual general meetings. The management of the Company shall ensure the external auditor attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The chairman of the independent board committee (if any) shall be available to answer questions at the general meetings to approve a connected transaction or any other transaction that requires independent shareholders' approval.

For each substantially separate issue, in particular on the financial statements and election or re-election of Directors, at the general meetings, a separate resolution shall be proposed. The Company shall avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company shall explain the reasons and material implications in the notice of the general meetings.

The Chairman shall ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from Shareholders on voting by poll.

The Company shall give the Shareholders reasonable notice of general meetings. "Reasonable written notice" normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time. The Company shall ensure that notice of the general meetings is published on the websites of the Company and the Stock Exchange.

The Company shall despatch a circular to the Shareholders at the same time as (or before) the Company gives notice of the general meetings to approve the transaction referred to in the circular.





## SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS (continued)

### Shareholders Communication Policy (continued)

The Company shall provide the Shareholders with any material information on the subject matter to be considered at a general meeting that comes to the Directors' attention after the circular is issued. The Company must provide the information either in a supplementary circular or by way of an announcement not less than 10 business days before the date of the relevant general meeting to consider the subject matter. The meeting must be adjourned before considering the relevant resolution to ensure compliance with this 10 business days requirement by the chairman or, if that is not permitted by the Company's constitutional documents, by resolution to that effect.

The Company shall send to the Shareholders a copy of its annual report including its annual accounts and, the group accounts, together with a copy of the auditors' report thereon, (or its summary financial report) not less than 21 days before the date of the Company's annual general meetings and in any event not more than 4 months after the end of the financial year to which they relate.

In respect of each of the first 6 months of each financial year, the Company shall send to the Shareholders a copy of its interim report (or its summary interim report) not later than 3 months after the end of that period of 6 months.

The Company shall send with the notice convening a meeting of Shareholders to all persons entitled to vote at the meeting proxy forms, with provision for two-way voting ("for" or "against") on all resolutions intended to be proposed thereat.

Shareholders shall direct their questions about their shareholdings to the Company's share registrar or the Company's branch share registrar and transfer office in Hong Kong.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

The Shareholders Communication Policy shall not prevail over the Bye-Laws.

The Bye-Laws regulating the right of the Shareholders and the proceedings of the meetings of the Shareholders, so far as the same are applicable and not inconsistent with the provisions of these regulations, shall be applicable.

The Board shall review the implementation and effectiveness of the Shareholders Communication Policy and its effectiveness annually.

The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

The Board has reviewed the Shareholders Communication Policy and its effectiveness for the year ended 31 December 2025. The Company has provided appropriate communication channels to the Shareholders in accordance with the Shareholders Communication Policy and therefore the existing Shareholders Communication Policy is appropriate to the Company.

## DIVIDEND POLICY

The dividend policy of the Company (the "Dividend Policy") was adopted by the Board and became effective on 1 January 2019.

The Dividend Policy is to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Company. The Board endeavors to strike a balance between the Shareholders' interests and prudent capital management with a sustainable dividend policy.



## DIVIDEND POLICY (continued)

The declaration and recommendation of dividends are subject to the decision of the Board after considering the Company's ability to pay dividends, which will depend upon, among other things:

- the Group's financial results;
- the Group's cash flow, liquidity and capital requirements;
- the Group's debt to equity ratios and the debt level;
- the retained earnings and distributable reserves of the Group;
- the Group's shareholders' interests;
- the Group's current and future business operations, conditions, cycle and strategies;
- the general market conditions;
- the Shareholders' and the investors' expectation and industry's norm;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- statutory and regulatory restrictions;
- past dividend record; and
- any other factors the Board may deem relevant.

The Board has complete discretion on whether to pay a dividend and the form to pay, subject to any restrictions under the Companies Act of Bermuda and the Bye-laws. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. There is no assurance that dividends will be paid in any particular amount for any given period.

The Company shall review and reassess the Dividend Policy and its effectiveness from time to time. Any revisions to the Dividend Policy shall be considered and approved by the Board.

## ANTI-CORRUPTION POLICY

The anti-corruption policy of the Company (the "Anti-corruption Policy") was adopted by the Board and became effective on 1 January 2022.

Integrity, honesty, fairness, impartiality, and ethical business practices are important core values of the Group. The Group is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Group strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery.

For details of the Anti-corruption Policy, please refer to the Company's website.





## ABOUT THIS REPORT

### Introduction to the Report

This Environmental, Social and Governance Report (the “Report” or the “ESG Report”) provides an overview of the initiatives, plans and performance of Daido Group Limited (“Daido”, the “Company”, the “Group” or “We”, together with its subsidiaries) in Environmental, Social and Governance (“ESG”) and demonstrates its commitment to sustainable development.

### Reporting Period

This Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2025 (the “Reporting Period”, “Year”, “2025”).

### Reporting Scope

The Group operates two principal businesses: i) cold storage and related services in Hong Kong; and ii) trading and sales of food and beverage in the PRC and in Hong Kong.

### Reporting Framework

This Report has been prepared in accordance with the ESG Reporting Code as set out in Appendix C2 to the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### Reporting Principles

During the preparation of this ESG Report, the Group has applied the reporting principles stipulated in the ESG Reporting Code as follows:

- *“Materiality”* – A materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of this ESG Report. The materiality of issues was reviewed and confirmed by the Board.
- *“Quantitative”* – Supplementary notes are added along with quantitative data disclosed in this ESG Report to explain any standards, methodologies, and source of conversion factors used during the calculation of environmental KPI.
- *“Balance”* – This Report aims to provide a holistic and fair view of the sustainability performance of the Group and has not omitted any information related to material ESG topics.
- *“Consistency”* – The approach adopted for the preparation of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

### Forward-Looking Statements

This ESG Report contains forward-looking statements which are based on the current expectations, estimations, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes may differ from the assumptions made and the statements contained in this ESG Report.

### Confirmation and Approval

This Report was endorsed by the ESG Working Group and approved by the Board in March 2026.





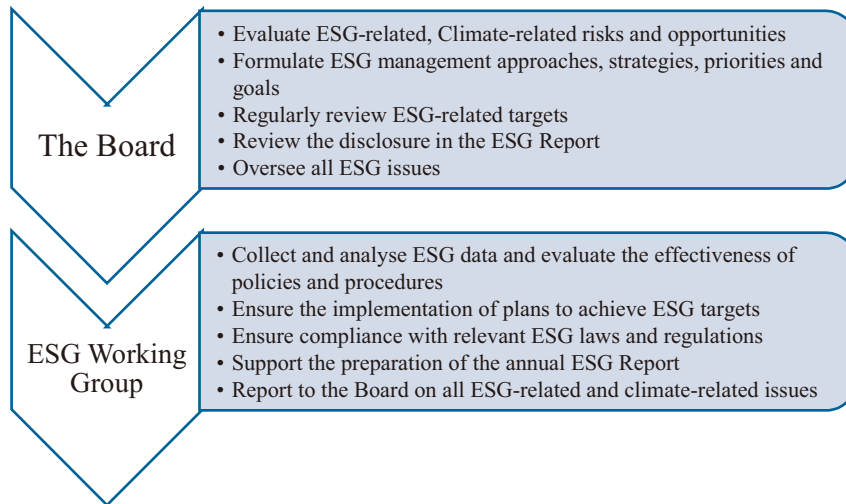
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Contact Us

Your feedback is valuable to our continuous improvement, and we welcome any comments and suggestions you may have on this Report or our future ESG strategy in general. Please share any comments or suggestions regarding the Group’s ESG performance at [irelations@daidohk.com](mailto:irelations@daidohk.com).

## BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE

The ESG working group (“Working Group”) and management play a pivotal role in overseeing the effective implementation of our environmental management measures and related policies. With a strong emphasis on accountability, we ensure that all departments within the organisation adhere to the Group’s comprehensive environmental policy. Under the strict supervision and guidance of the ESG Working Group and management, we uphold our commitment to compliance with legal requirements across all our business processes. To maintain a proactive approach, management at every level continuously reviews our policies and implementation procedures. They report on their findings to the Board and provide recommendations for necessary measures to further strengthen our environmental initiatives.



## THE BOARD STATEMENT

Sound corporate governance forms the foundation of Daido’s operations. The Board is committed to the long-term sustainability of the environment and the community surrounding its operations. The Group are dedicated to promoting sustainable development, which is crucial for creating long-term value for the Group’s shareholders, clients, employees, other stakeholders, and the public. The Board understands that ESG matters may threaten the organisation’s shareholder value, reputation, supply chain, and other issues that affect sustainability; business sustainability is critical to the long-term trust that the Group has built with the public.

The Board is responsible for ESG strategic direction and ensuring that this strategy reflects the Group’s values and core business issues. The Group cares about the impact of its daily operations on the environment and society and strives to set a good example for the public while conducting business. We make every effort to meet the interests of all stakeholders – economically, environmentally, socially, and with good corporate governance – to achieve a fine balance.

The Board regularly reviews progress against ESG-related goals, monitors the Group’s ESG performance, and discusses the latest disclosure requirements of the ESG report in the annual Board meeting. Apart from setting environmental goals, the Board has initiated other ESG initiatives to contribute to a better environment. Furthermore, the Board is responsible for oversight of climate-related risks and opportunities.





Recognising the importance of ESG risks, the Board has established robust environmental practices. Additionally, they have introduced an ESG policy to promote sustainability throughout the Group. This policy ensures compliance with environmental protection laws and regulations. It also encourages efficient resource use and commits to responsible employment and operational practices.

## STAKEHOLDER ENGAGEMENT

Moving forward, the Group will make great efforts to facilitate its business sustainability, adopt various effective ESG-related initiatives, and establish strong connections with all its stakeholders. Starting from the coming financial year, the Group plans to actively participate in ESG-related programs to continuously improve its ESG performance and satisfy stakeholder needs.

Stakeholders	Communication channels	Expectations
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee Activities</li> <li>Professional Training</li> <li>Performance Appraisal</li> <li>On-site meetings and discussions</li> </ul>	<ul style="list-style-type: none"> <li>Health and Safety</li> <li>Equal Opportunities</li> <li>Compensation and Benefits</li> <li>Career Development</li> <li>Legal rights and interests</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer Satisfaction Surveys</li> <li>Customer Service Center</li> <li>Complains Review Meeting</li> <li>Hotline</li> <li>Emails and Website</li> </ul>	<ul style="list-style-type: none"> <li>Quality Services</li> <li>Personal Safety</li> <li>Compliant Operation</li> <li>Privacy Protection</li> <li>Seamless Communication</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supplier Meetings and Events</li> </ul>	<ul style="list-style-type: none"> <li>Contract Performance</li> <li>Business Ethics</li> </ul>
<b>Investors and Shareholders</b>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Special Report</li> <li>Financial Reporting</li> <li>Announcements and Circulars</li> </ul>	<ul style="list-style-type: none"> <li>Compliant Operation</li> <li>Information Disclosure</li> <li>Financial Performance</li> <li>Corporate Governance</li> <li>Involvement in the decision-making process</li> </ul>
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>Regular Performance Report</li> <li>Tax Payments</li> </ul>	<ul style="list-style-type: none"> <li>Pay Taxes under Laws</li> <li>Employment Growth</li> <li>Compliance with Regulations</li> <li>Security Operations</li> </ul>
<b>Community, NGOs, and Media</b>	<ul style="list-style-type: none"> <li>Public and Community Events</li> <li>Community Investment Programs</li> <li>ESG Reports</li> </ul>	<ul style="list-style-type: none"> <li>Community Contributions</li> <li>Environmental Protection</li> <li>Waste Disposal</li> </ul>



## MATERIALITY ASSESSMENT

Material issues in this report refer to what may have a significant impact on the Group’s business operations or have an actual impact on stakeholders. To identify and prioritise these issues, the Group conducts a materiality assessment survey every year, presenting the findings below.

### Materiality Assessment Result of the Group

Material Level	ESG Topics
<b>Most Material</b>	<ul style="list-style-type: none"> <li>Customer Satisfaction and Privacy Protection</li> <li>Anti-Corruption</li> <li>Product and service control</li> <li>Health and Safety</li> <li>Employment Practice</li> </ul>
<b>Material</b>	<ul style="list-style-type: none"> <li>Labour Standard</li> <li>Supply Chain Management</li> <li>Sewage and waste management</li> <li>Development and Training</li> <li>Market Regulatory and Compliance</li> <li>Technological Development and Innovation</li> <li>Environmental Protection</li> </ul>
<b>Relevant</b>	<ul style="list-style-type: none"> <li>Community Investment</li> <li>Air Emissions</li> <li>Climate Change</li> <li>Resource Consumption</li> <li>Energy Consumption</li> <li>Intellectual Property</li> </ul>

The result of this Year’s materiality assessment was endorsed by the ESG Working Group and approved by the Board. As an ongoing exercise, we will continue to assess how different ESG topics may affect our operations and the decision-making of our stakeholders through a systematic review process.





## CLIMATE-RELATED DISCLOSURES

### Governance

The Board considers a broad spectrum of climate-related risks and opportunities in setting the Group's strategic direction, and ensures these factors are fully integrated into its oversight of strategy, major transactions, and policies. ESG considerations and stakeholder expectations are fully embedded in decision making by regularly assessing whether proposed transactions, and controls and mitigation measures align with the Group's climate commitments. The Board balances short-term financial implications with long-term resilience to support informed, forward-looking decisions that enable sustainable performance.

The Board further oversees the development of climate-related targets, ensuring they are grounded in credible data, aligned with strategic priorities, and supported by clear execution plans. It reviews progress against these targets on a regular basis and raises queries where gaps or delays arise. Although climate-related performance indicators are not yet incorporated into remuneration policies, the Group's commitment to achieving its climate objectives remains fully intact.

Internal controls and review mechanisms are integrated into the operations of business units. These include periodic climate-related risks assessments, as well as cross-functional reviews of regulatory and market developments.

All the Directors and senior personnel in the ESG Working Group have received sustainability training. The Board is kept informed of emerging ESG developments, including energy policies, regulatory updates and evolving market best practices. ESG training is embedded in the ongoing development of Directors and senior management.

### Strategy

Responsibility is at the center of everything we do. It guides how we manage our business, how we operate our facilities, and how we support our people and communities. This approach shapes our culture and defines our long-term goals.

We believe that sustainable growth is only possible by maintaining high ethical standards, protecting the environment, and investing in the well-being of our workforce. By making responsibility a core part of our business strategy, we aim to create lasting value and contribute positively to our stakeholders and the industry.

We have defined clear time horizons to guide the effective implementation of our strategy and to track our progress throughout the journey. Each period represents a deliberate phase of action, allowing us to build momentum in a structured and measurable way. By defining the purpose of each period, we ensure that our efforts remain focused, coordinated, and aligned with our overarching ambition.

**Short Term (1–5 years):** Our near-term priorities centre on strengthening operational efficiency, ensuring full compliance, and building the data and governance foundations needed to support our broader ESG strategy.

**Medium Term (6–10 years):** Over the medium term, we will make meaningful progress on our ESG targets that embed sustainable practices across our operations. These goals are designed to deliver measurable improvements on our material topics and align with our corporate strategic planning.

**Long Term (10+ years):** Our long-range ambitions focus on transformational outcomes that contribute to wider societal and environmental goals, including climate action and the transition to a circular economy. These aspirations position us to play a leading role in shaping a sustainable future.



## Managing Climate-related Risks and Opportunities

Climate change presents both risks and opportunities. We take a balanced approach that considers potential positive and negative impacts, enabling us to maximise value while minimising adverse effects on our business.

### *Physical Risks, Transition Risks and Opportunities*

We categorise climate-related impacts into physical risks, transition risks and opportunities that are reasonably expected to affect our cash flows, access to finance, or cost of capital.

**Physical risks:** These include acute events – such as extreme heat, rainfall, storms and other natural disasters – that may disrupt our supply chain and infrastructure, as well as chronic changes like rising sea levels and shifting climate patterns that could affect long term business viability.

**Transition risks:** They stem from the global shift toward a low carbon economy, including more stringent laws and regulations on environmental protection, carbon emission and waste generation. Technological developments and changing market preferences for green companies may require adjustments to our business model and operations. These changes may lead to increased risks of regulatory non-compliance resulting in legal, technological, market and reputational risks.

**Opportunities:** The transition to a low-carbon business model may bring us opportunities. Growing ESG awareness among consumers gradually shapes the market as preferences shift toward more responsible businesses. Efforts to improve energy efficiency and reduce waste not only lower operating costs in the short-term, but also help streamline and optimise operations over the medium term. Emerging low-carbon markets are expected to mature within the next three to ten years, creating new opportunities for growth and innovation. By actively disclosing ESG performance and taking concrete action, we can enhance our reputation, attracting new capital and customers.





## Effects on Business Model and Value Chain

The Group has identified the following risks and opportunities on its business model and value chain:

Risk Type	Description	Effects on Business Model	Effects on Value Chain
<b>Physical Risks</b>			
<b>Acute Risk</b>	Increased severity of extreme weather <ul style="list-style-type: none"> <li>• Extreme heat</li> <li>• Flooding</li> <li>• Typhoon</li> </ul>	<ul style="list-style-type: none"> <li>• Damages property and assets in areas affected by extreme weather</li> <li>• Increases need for air-conditioning and energy use</li> </ul>	<ul style="list-style-type: none"> <li>• Interrupts supply chains</li> <li>• Reduces availability of insurance on assets in risks exposed areas</li> <li>• Lowers sales/output due to business disruption</li> </ul>
<b>Chronic Risk</b>	Variability in climate and precipitation patterns <ul style="list-style-type: none"> <li>• Changing climate patterns</li> </ul>	<ul style="list-style-type: none"> <li>• Affects employee health and safety</li> <li>• Disrupts utilities supply</li> <li>• Increases maintenance costs and insurance premiums</li> <li>• Reduces short-term revenue</li> <li>• Impact asset values</li> </ul>	<ul style="list-style-type: none"> <li>• Disrupts services</li> <li>• Affects costs and availability of utilities</li> </ul>
<b>Transition Risks</b>			
<b>Regulatory Risks</b>	<ul style="list-style-type: none"> <li>• Increased carbon pricing</li> <li>• Mandatory reporting obligations</li> <li>• Regulation of existing products and services</li> <li>• Exposure to litigation</li> </ul>	<ul style="list-style-type: none"> <li>• Increases regulatory requirements on carbon pricing</li> <li>• Retires existing assets early due to policy changes</li> <li>• Changes in energy efficiency standards</li> <li>• Increases costs on adopting new processes for compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Induces structural changes in compliance throughout the value chain</li> <li>• Increases risks from non-compliance of suppliers or partners</li> <li>• Reduces demand for high-emissions products and services</li> <li>• Lowers profit margin due to upstream compliance costs</li> </ul>
<b>Market Risks</b>	<ul style="list-style-type: none"> <li>• Changing consumer behaviour</li> <li>• Unpredictable market demand</li> <li>• Changes in competitive landscape</li> </ul>	<ul style="list-style-type: none"> <li>• Changes input prices (e.g. legal and compliance expenses)</li> <li>• Increases output requirements (e.g. on waste treatment and emission control)</li> </ul>	<ul style="list-style-type: none"> <li>• Disrupts existing upstream and downstream partnerships as procurement shifts toward greener alternatives</li> </ul>
<b>Reputational Risks</b>	<ul style="list-style-type: none"> <li>• Criticism of industry sector</li> <li>• Negative stakeholder feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Increases the difficulty of talent retention and workforce planning</li> <li>• Lowers ability to attract capital</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces demand of goods and services throughout the value chain</li> </ul>



Opportunity Type	Description	Effects on Business Model	Effects on Value Chain
<b>Efficiency Gains</b>	<ul style="list-style-type: none"> <li>• More efficient and diverse service offerings</li> <li>• Savings from optimising resources</li> <li>• Energy and water efficiency</li> <li>• Use of new technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Improves efficiency from flexible work arrangements during extreme weather</li> <li>• Improves profit margins</li> <li>• Benefits employee health, satisfaction, and productivity</li> <li>• Reduces exposure to fossil fuel price increases</li> <li>• Increases capital availability</li> </ul>	<ul style="list-style-type: none"> <li>• Increases capacity and resource utilisation throughout the value chain</li> <li>• Reduces operational costs due to upstream improvements</li> </ul>
<b>Market Opportunities</b>	<ul style="list-style-type: none"> <li>• Access to new markets</li> <li>• Opportunity to expand geographically</li> </ul>	<ul style="list-style-type: none"> <li>• Increases revenue source from new markets</li> <li>• Diversifies geographically</li> </ul>	<ul style="list-style-type: none"> <li>• Fosters maturity of the entire value chain via expanded product and service offerings</li> </ul>
<b>Consumer Preference</b>	<ul style="list-style-type: none"> <li>• Changes in consumer behaviour and expectations</li> </ul>	<ul style="list-style-type: none"> <li>• Opens up new revenue streams</li> <li>• Increases market share of green companies</li> </ul>	<ul style="list-style-type: none"> <li>• Incentivises sustainable innovation throughout the value chain, driven by downstream demands</li> </ul>

## Climate Scenario Analysis

To assess the potential impacts of climate change on our operations, supply chain, and business model, we have conducted a climate scenario analysis in FY2025. Two externally recognised climate pathways were chosen after considering the scenarios of Intergovernmental Panel on Climate Change (“IPCC”), and the Network for Greening the Financial System (“NGFS”).

The analysis evaluates physical risks, transition risks and opportunities across short-, medium-, and long-term horizons. The results provide insights on how these risks and opportunities could influence our strategy, resource allocation, and overall capacity to adapt under different climate scenarios. Despite thorough consideration, we also recognise significant uncertainties, including future policy directions, technology adoption rates, and the severity of climate impacts.





**Scenario Selection:** The two chosen climate pathways are widely used and take reference to the scenarios presented by the IPCC. They will help us assess the level of exposure from risks and opportunities and support our future strategic planning.

Scenarios <sup>1</sup>	Key Assumptions
<p>&lt;2°C scenario</p> <p>Warming limited to less than 2°C (above pre-industrial levels) before 2100</p>	<ul style="list-style-type: none"> <li>• ≤ 2°C policy ambition</li> <li>• Immediate policy reaction</li> <li>• Fast technological change</li> <li>• Rapid grid decarbonisation</li> <li>• Rising customer expectations</li> <li>• Low local exposure to hazards</li> </ul>
<p>&gt;4°C scenario</p> <p>Warming exceeds 4°C (above pre-industrial levels) before 2100</p>	<ul style="list-style-type: none"> <li>• ≥ 4°C policy ambition</li> <li>• Delayed policy reaction</li> <li>• Slow technological change</li> <li>• Gradual grid decarbonisation</li> <li>• Mild shift in customer expectations</li> <li>• High local exposure to hazards</li> </ul>

Note:

1. Source of the two scenarios: Shared Socioeconomic Pathways (“SSP”) from the IPCC’s Sixth Assessment Report, SSP1-2.6 and SSP5-8.5. SSP1-2.6 represents a relatively low emissions scenario, while SSP5-8.5 denotes a high emissions scenario.

**Scope and Time Horizons:** The analysis covers our major operating locations in Hong Kong. Impacts were evaluated across short term (1–5 years), medium term (6–10 years), and long term (10+ years) horizons, consistent with our time horizons outlined in the Strategy section.

**Methodology:** For each scenario, we assess the potential operational and financial implications of identified climate-related risk and opportunity factors. While full quantitative modelling is still in progress, we remain committed to strengthening our data systems and analytical capabilities to support more detailed and quantitative scenario assessments in the future.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Assessment Results:** The results of our climate scenario analysis are presented below:

Risk Type	Relevance or Assumptions	Risk Level under a <2°C Scenario			Risk Level under a >4°C Scenario		
		Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
<b>Physical Acute</b>							
<b>Extreme Heat</b>	Affects health and productivity	Low	Low	Medium	Low	Medium	Medium
<b>Flooding</b>	Damages facilities	Low	Low	Medium	Low	Low	Medium
<b>Typhoon</b>	Results in damages to facilities	Low	Low	Medium	Low	Low	Medium
<b>Physical Chronic</b>							
<b>Changing Climate Patterns</b>	Increases risks of business viability	Low	Low	Low	Low	Low	Medium
<b>Transition</b>							
<b>Regulatory Risks</b>	Increases costs of compliance	Low	Low	Low	Medium	Medium	Medium
<b>Market Risks</b>	Changes in market demands	Low	Low	Low	Medium	Medium	Medium
<b>Reputational Risks</b>	Affects corporate image and business	Low	Low	Low	Low	Low	Low
<b>Opportunities</b>							
<b>Efficiency Gains</b>	Reduces costs and improves margins	Low	Low	Low	Low	Low	Low
<b>Market Opportunities</b>	Accesses new markets	Low	Low	Low	Low	Low	Low
<b>Consumer Preference</b>	Opens new opportunities	Low	Low	Low	Low	Low	Low

Our climate-related risks and opportunities are concentrated in Hong Kong, which are our principal places of operations. Nonetheless, our city is characterised by well-developed infrastructure, strong emergency preparedness, and robust public healthcare systems. These conditions help moderate exposure to acute physical risks and support continuity across our business activities.





**Our Adaptation and Mitigation Plans**

Based on the findings of the scenario analysis, we have formulated the below adaptation and mitigation measures to tackle physical risk, transition risks, and opportunities:

Risk Type	Adaptation and Mitigation Measures
<b>Physical Acute Risks</b>	<p>To effectively tackle the acute risks, we have a robust emergency plan that includes staff training to enhance our resilience:</p> <ul style="list-style-type: none"> <li>• Implement localised mitigation measures and conduct regular drills to address increasingly severe weather risks;</li> <li>• Activate contingency plans with flexible work arrangements in event of extreme weather;</li> <li>• Advise employees to undertake precautionary measures when necessary;</li> <li>• Promote ventilation and cooling improvements in facilities to improve working conditions;</li> <li>• Use of recycled energy and AI-smart cooling where possible;</li> <li>• Position servers, air conditioners, and other critical equipment in locations that meet required flood and wind resistance standards; and</li> <li>• Explore energy-efficient equipment and alternative energy sources to reduce reliance on traditional energy supplies.</li> </ul>
<b>Physical Chronic Risks</b>	<p>Consideration is given in our long-term planning to tackle chronic risks:</p> <ul style="list-style-type: none"> <li>• Consider flood hazards during operation sites election;</li> <li>• Use of high-efficiency insulation for our cold-chain service;</li> <li>• Use water-saving equipment and retrofit existing equipment to improve water efficiency; and</li> <li>• Assess alternative water source availability in case of shortages.</li> </ul>
<b>Transition Risks</b>	<p>We are strengthening climate governance, and accelerating the shift toward low-carbon technologies and business models to tackle transition risks:</p> <ul style="list-style-type: none"> <li>• Monitor market trends and changes in legal requirement to ensure we satisfy the demands of customers and authorities at all times;</li> <li>• Maintain transparency by producing high-quality climate disclosure;</li> <li>• Collaborate with suppliers to promote adoption of low-carbon processes and technologies; and</li> <li>• Consider climate-related risk in products, services, and value chain to ensure market risks are effectively monitored.</li> </ul>
<b>Opportunities</b>	<p>We leverage industry insights to identify and secure emerging climate-related opportunities:</p> <ul style="list-style-type: none"> <li>• Develop lower-carbon service offerings;</li> <li>• Invest in energy-efficient and low-emission technologies to reduce costs;</li> </ul>

**Current and Anticipated Financial Effect**

The Group did not recognise any impairment loss on assets damaged by acute risks in FY2025. We are evaluating and will come up with a budget next year for investments in energy-efficient equipment or preparation for emergency situations. Internal carbon prices are currently not applied in our scenario analysis or decision-making.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Risk Management

### Risk Management Framework

The Group has in place a comprehensive risk management framework. Climate-related risk and opportunity identification, assessment, prioritisation, and management are fully integrated into the Group’s overall risk management processes. The relevant policy and processes are reviewed annually and updated when necessary.

Climate-related risks and opportunities are examined across the Group through a coordinated, multi-level process. Strategic direction is set at the top, with the Board providing oversight and regularly reviewing the most significant climate-related issues. At the same time, operational teams contribute detailed, ground-level insights by assessing their own exposures on an annual basis. When a potential risk is identified, the relevant department will design and carry out mitigation actions, followed by ongoing reviews to ensure that the controls remain robust and effective over time.

All identified climate-related risks and opportunities play a role in shaping our strategic direction, operational priorities, and internal policies. We evaluate each item based on its potential impact and the likelihood of occurrence, creating a clear profile that supports informed decision-making. These evaluations also underpin the scenario analysis outlined above. Risks that score highly on both impact and likelihood are elevated in priority and addressed ahead of lower-rated issues to ensure our resources are focused where they matter most.

## Metrics and Targets

### Environmental Targets

A long-term transition plan will set out a clear direction to transform our operations into a low-carbon, climate-resilient business. We are setting long-term climate-related targets supported by short-, medium-, and long-term milestones, all measured against a 2025 base year to ensure consistent comparison over time. These targets have taken reference of Hong Kong’s long-term decarbonisation pathway and its goal of achieving carbon neutrality, ensuring that our efforts contribute meaningfully to the city’s broader climate ambitions.

To deliver on this plan, we will focus on decarbonising our operations through improved energy efficiency, responsible resource management, and the adoption of lower-carbon technologies. We will also strengthen climate resilience by enhancing risk management, and collaborating with partners across our value chain. Our transition plan relies on the collective efforts of our employees and broader community, as well as the pace at which the national grid decarbonises.

The Group develops its target internally based on its strategic planning and did not apply the Science Based Target initiative’s Sectoral Decarbonisation Approach. The use of carbon credits to achieve any net targets is currently not considered. Below sets forth the phrased targets over our time horizon:

### Targets

Energy Consumption Intensity	<ul style="list-style-type: none"> <li>Short term: 2% reduction when compared to 2025</li> <li>Medium-term: 5% reduction when compared to 2025</li> <li>Long-term: 10% reduction when compared to 2025</li> </ul>
Non-hazardous Waste Intensity	<ul style="list-style-type: none"> <li>Short term: 2% reduction when compared to 2025</li> <li>Medium-term: 5% reduction when compared to 2025</li> <li>Long-term: 10% reduction when compared to 2025</li> </ul>
Greenhouse Gas Emission Intensity (Scope 1 & 2)	<ul style="list-style-type: none"> <li>Short term: 2% reduction when compared to 2025</li> <li>Medium-term: 5% reduction when compared to 2025</li> <li>Long-term: 10% reduction when compared to 2025</li> </ul>

The Group is committed to progressively enhancing its climate reporting capabilities and intends to provide more granular disclosures as internal monitoring systems mature and more reliable data become accessible.





## Greenhouse Gas (“GHG”) Emissions

The major sources of the Group’s GHG emissions are direct GHG emissions (Scope 1) from company-owned vehicles, indirect GHG emissions (Scope 2) from purchased electricity, and other indirect GHG emissions (Scope 3).

Scope of GHG Emissions <sup>2,3</sup>	Units	2025	2024
Scope 1 Direct GHG Emissions	tCO <sub>2</sub> e	<b>288.61</b>	352.08
Scope 2 Indirect GHG Emissions <sup>4</sup>	tCO <sub>2</sub> e	<b>2,572.97</b>	3,533.81
Scope 3 Other Indirect GHG Emissions			
– Category 1: Purchased Goods and Services	tCO <sub>2</sub> e	<b>0.99</b>	2.43
– Category 5: Waste Generated in Operations	tCO <sub>2</sub> e	<b>45.42</b>	1.20
– Category 7: Employee Commuting	tCO <sub>2</sub> e	<b>64.89</b>	N/A
Total GHG Emissions	tCO <sub>2</sub> e	<b>2,972.89</b>	3,889.52
Intensity per m <sup>2</sup> <sup>5</sup>	tCO <sub>2</sub> e/m <sup>2</sup>	<b>0.08</b>	0.10
Intensity per employee <sup>6</sup>	tCO <sub>2</sub> e/emp	<b>19.95</b>	27.20

Notes:

- GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, “Global Warming Potential Values” from the IPCC Sixth Assessment Report and the 2024 Sustainability Report issued by Hong Kong Electric, and the 2024 Sustainability Report issued by CLP Holdings Limited. Scope 3 emissions data is calculated with reference, but not limited to, the International Civil Aviation Organisation, the Hong Kong Low Carbon Living Calculator, and the Department for Environment, Food & Rural Affairs of UK.
- GHG emissions include CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O, which are converted to reflect the tonnes of CO<sub>2</sub> equivalent.
- Scope 2 emissions are calculated using a location-based approach, which considers the average emission intensity of the local electricity grid where the energy is consumed.
- As at 31 December 2025, the total area of the Group within the Reporting Scope is 37,742.42 m<sup>2</sup>. This data is also used for calculating other intensity data.
- As at 31 December 2025, the total employees of the Group was 149 people (as at 31 December 2024: 161 people). This data is also used for calculating other intensity data.
- GHG Scope 3 Category 1 emissions: The Group utilizes average-data method to calculate the GHG emission from generation of fresh water.
- GHG Scope 3 Category 5 emissions: The Group uses waste-type-specific data multiplied by applicable emission factors such as those provided by DESNZ of UK Government.
- GHG Scope 3 Category 7 emissions: It includes emissions relating to employee commuting in Hong Kong and Chinese Mainland. The emissions are derived by average-data method by sampling data.



## ENVIRONMENTAL

In line with our commitment to environmental protection, the Group consistently prioritises and promotes the principles of green development. We recognise the significance of minimising the environmental footprint of our operations and strive to implement sustainable practices at every level. Our dedication to environmental management drives us to continually refine and optimise our existing measures. We proactively develop and implement relevant systems that adhere to stringent environmental standards. By enhancing our energy efficiency and adopting innovative technologies, we actively reduce pollution emissions.

### Emissions

During the Reporting Period, the Group was not aware of any material non-compliance with environmental-related laws and regulations in relation to exhaust gas and greenhouse gases (“GHGs”), emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. Such laws and regulations include but not limited to the Water Pollution Control Ordinance of Hong Kong and the Waste Disposal Ordinance of Hong Kong.

#### Air Emissions

To align with the global development of the low carbon economy, the Group pays attention to the air emissions that arise from its daily operations. The principal sources of air emissions are the combustion of diesel and petrol arising from company vehicles. In response to the above emission sources, we actively take the following emission reduction measures:

- Install electric vehicle charging stations in parking areas to encourage the use of electric vehicles.
- Use lead free gasoline for private vehicles.
- Install high-performance vehicles or machinery wherever possible.
- Replace older, less efficient vehicles with newer, fuel-efficient models compliant with Euro VI.
- Transition to Euro 6 emission standards for the fleet, replacing older vehicles.

The Group’s Emissions performance is summarised below:

Type of Air Pollutants	Unit	2025	2024
Nitrogen oxides (“NO <sub>x</sub> ”)	kg	1,090.90	1,304.95
Sulphur oxides (“SO <sub>x</sub> ”)	kg	1.76	2.15
Particulate matter (“PM”)	kg	78.44	93.83

#### Hazardous Waste

The Group has established guidelines for the proper management and disposal of hazardous waste. If hazardous waste is generated, the Group is required to engage licensed chemical waste collectors to ensure that such waste is handled and disposed of in compliance with applicable environmental laws and regulations.

During the Reporting Period, the Group disposed of obsolete computers and monitors through authorised third-party service providers. Further details are provided below:

Types of Waste	Unit	2025	2024
Recycled Computers and monitors	kg	124.55	10.11
Intensity per m <sup>2</sup>	kg/m <sup>2</sup>	0.0033	0.0003
Intensity per employee	kg/employee	0.84	0.07





**Non-Hazardous Waste**

The Group generates non-hazardous waste through its business activities, including office paper and general waste. Committed to sustainability, Daido actively raises employee awareness about the importance of waste reduction. As part of this initiative, the Group has set a target to progressively decrease office paper disposal, as detailed in the “Environmental Targets” section.

To further enhance environmental performance, we have implemented several eco-friendly waste management initiatives, including:

- To implement a recycling program by designating specialised bins for the collection of recyclable materials like plastics and paper;
- To maximise the reuse of single-sided wastepaper and office supplies, such as folders, envelopes, and plastic files;
- To choose recyclable products and rechargeable batteries instead of disposable alternatives, prioritising sustainability and waste reduction;
- To enact proper recycling protocols for office paper and electronic equipment after their life cycle; and
- Not printing electronic correspondences only when necessary.

A summary of non-hazardous waste is presented below:

Types of Wastes	Unit	2025	2024
Domestic refuse	kg	26,460	26,282
Office Paper	kg	1,194	1,382
Paper Recycled	kg	–	1,584
Total	kg	27,654	26,080
Intensity per m <sup>2</sup>	kg/m <sup>2</sup>	0.73	0.69
Intensity per employee	kg/employee	185.60	182.38

**Sewage Discharge**

The Group’s business activities do not consume a significant volume of water; therefore, the Group did not generate a material portion of sewage during daily operations. The water consumption information is detailed in the below section – Water Management.



## Use of Resources

Daido continues to introduce resource efficiency and eco-friendly measures to the Group's operations and is committed to optimising resource use in all business operations. Our Group has established guidelines to govern resource utilisation effectively, aiming to minimise the environmental impact of its business operations.

### Energy Management

<b>Lighting and Energy Use</b>	<ul style="list-style-type: none"> <li>Utilise LED lighting in workplaces and offices when feasible;</li> <li>Turn off lights and unnecessary energy devices to minimise energy consumption;</li> <li>Maximise the use of natural light in office spaces;</li> <li>By actively participating in the Feed-in Tariff (FiT) scheme, the Group has gathered energy usage data through smart meters, enabling further reductions in electricity consumption during peak hours.</li> </ul>
<b>Air Conditioning</b>	<ul style="list-style-type: none"> <li>Set air-conditioning temperatures to 24–26 degrees Celsius, an energy-saving range;</li> <li>Regularly clean air-conditioning filters to enhance cooling efficiency.</li> </ul>
<b>Travel and Conferencing</b>	<ul style="list-style-type: none"> <li>Optimise driving routes to reduce emissions;</li> <li>Promote online or telephone conferences to reduce travel, both local and overseas.</li> </ul>
<b>Reduce Idle Operation</b>	<ul style="list-style-type: none"> <li>Ensure idling vehicles are switched off in accordance with regulations;</li> <li>Power down unused equipment, such as computers, when leaving the office.</li> </ul>
<b>Carbon Compensation</b>	<ul style="list-style-type: none"> <li>Participate in the “Carbon Compensation Program” organised by Shell Hong Kong Limited.</li> </ul>
<b>Water Consumption</b>	<ul style="list-style-type: none"> <li>Monitor daily water usage and promptly address any leaks within our facilities;</li> <li>Replaced the existing water cooling system with an environmentally friendly air cooling system.</li> </ul>

The primary source of energy consumption for the Group is electricity, particularly in our freezer compartment on our cold chain business. Recognising the importance of integrating energy conservation and emission reduction into our business operations and development objectives, we have taken proactive measures to address such an objective.

A summary of energy consumption performance is below:

Indicator	Unit	2025	2024
Direct Energy	MWh	<b>1,169.64</b>	1,426.40
– Diesel			
– Petrol			
Indirect Energy	MWh	<b>6,770.98</b>	9,061.04
– Purchased Electricity			
Total Energy Consumption	MWh	<b>7,940.63</b>	10,487.44
Intensity per m <sup>2</sup>	MWh/m <sup>2</sup>	<b>0.21</b>	0.28
Intensity per employee	MWh/employee	<b>53.29</b>	73.34





## Water Management

Daido's water usage is mainly concentrated in the area of daily operations, domestic cleaning and fresh water for cold storage. As the Group recognises the prevailing global water scarcity, we proactively implement strategies to address this critical issue. We promote a culture of water conservation among employees and have implemented a range of measures to mitigate water usage.

Due to our business nature, the Group does not have any issue in sourcing the supply of water that is fit for its purpose as water has been supplied by the local water supply department.

A summary of water consumption performance is below:

Indicator	Unit	2025	2024
Total Water Consumption	m <sup>3</sup>	3,886	5,551
Intensity per m <sup>2</sup>	m <sup>3</sup> /m <sup>2</sup>	0.10	0.15
Intensity per employee	m <sup>3</sup> /employee	26.08	38.82

## Use of Packaging Materials

During logistic operation, plastic stretch film is inevitably used extensively for packaging. The packaging materials used across the Group are designed to be both biodegradable and recyclable, reflecting our commitment to environmental sustainability and responsible resource management. To minimise waste sent to landfills, plastic films generated during operations are systematically collected, sorted, and stored in designated areas. These materials are then transferred to licensed waste recycling companies, which process the plastics through appropriate recycling channels to ensure they are repurposed in an environmentally responsible manner.

A summary of the packaging materials purchased is presented below:

Types of Packaging Material	Unit	2025	2024
Shrink-wrap	kg	–	11,281
Carton Boxes	kg	120	–
Garbage bag	kg	1,400	–
Stretch Film	kg	20,100	–
Total Packaging Materials	kg	21,620	11,281
Intensity per m <sup>2</sup>	kg/m <sup>2</sup>	0.57	0.29
Intensity per employee	kg/employee	145.10	70.07

## The Environment and Natural Resources

Although the Group is not involved in high-impact industries such as mining, chemicals, or oil and gas, and therefore its operations do not exert a significant direct effect on the environment or natural resources, it recognises that all business activities inevitably carry some environmental footprint. The Group remains mindful of its historical impacts, including past contributions to ozone depletion arising from the use of certain refrigerants. In response, the Group is committed to continually reducing its environmental burden and actively seeks opportunities to minimise pollution, conserve natural resources, and enhance operational sustainability.

## SOCIAL

### Employment

The Group recognises that employees are the most essential and indispensable cornerstone of its development. To ensure optimal human resource management, the Group has implemented a comprehensive set of formal procedures meticulously documented in the Employee Handbook. These procedures encompass various critical aspects, including recruitment, promotion, termination, remuneration, benefits, diversity, and equal opportunities. Furthermore, the Group prioritises the occupational health and safety of its workforce. Creating a secure and healthy working environment is paramount, and the Group takes proactive measures to ensure the well-being and safety of its employees.

During the Reporting Period, the Group was unaware of any material non-compliance with any relevant laws and regulations in relation to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, that would have a significant impact on the Group. Such laws and regulations include but not limited to the Employment Ordinance of Hong Kong.

### Recruitment, Promotion and Dismissal

Daido is committed to fair and equal opportunity in employment practices. Promotions are evaluated annually using objective performance indicators, and supervisors engage in open, constructive discussions with employees about performance and career progression. Regular performance appraisals assess work performance, capabilities and growth potential, and form the basis for promotions and training initiatives.

The Group encourages internal promotion and provides employees with opportunities for personal and professional development. Daido places great importance on nurturing internal talent, fostering a culture of growth and recognising the potential of its workforce. Also, the Group has removed the mandatory retirement age of 60 to retain experienced employees and preserve essential expertise within the organisation.

Daido maintains a strict zero-tolerance policy on unfair dismissal. Termination procedures are clearly outlined in the Employee Handbook to ensure transparency and fairness, and a structured handover process is in place to facilitate smooth transitions.

- **Exit Interviews:** HR conducts interviews to gather feedback from departing staff.
- **Employment Verification:** Documentation is provided to departing employees except in cases of misconduct or employment of less than three months.
- **Notice Period:** Required notice or wages in lieu are given; notice cannot overlap with annual or maternity leave.
- **Pregnancy & Sick Leave Protection:** Employees cannot be dismissed during pregnancy or while on paid sick leave.
- **Employee Rights:** Dismissals linked to exercising labor rights or union activities are prohibited.
- **Injury on Duty:** Employees injured at work are safeguarded until compensation matters are resolved.

### Compensation and Benefits

We are committed to attracting, supporting, and retaining talent through a people-focused approach to compensation, development, and well-being. Our remuneration framework is designed to be fair and competitive, taking into account employees' qualifications, performance, appraisal results, and broader market conditions. Beyond compensation, the Group invests in employees' growth by offering structured career development opportunities and supporting further education through tuition reimbursement. Employees also benefit from a variety of leave entitlements, such as marriage leave and compassionate leave, as well as discretionary bonuses and transportation allowances.





### Equal Opportunity, Diversity and Anti-Discrimination

Daido is committed to strict compliance with all national and local governmental laws and regulations. We uphold a fair, equitable, and transparent recruitment process, establishing policies that prevent discrimination in recruitment. We strive to provide equal and fair treatment to all employees, encompassing areas such as recruitment, remuneration, training, promotion, dismissal, retirement, and other aspects of employment. If an employee faces intimidation, bullying, or harassment, including sexual harassment, they are encouraged to report the matter to their designated employee representative or directly to the general manager. The Group takes such complaints seriously and will employ appropriate measures to promptly address and resolve these issues upon receipt of the complaint.

As of 31 December 2025, the employee structure is shown below:

Employee Breakdown	No of Employees	%
<b>Total</b>	149	100%
<b>By Gender</b>		
Male	98	66%
Female	51	34%
<b>By Age Group</b>		
18–34	25	17%
35–54	75	50%
55 or above	49	33%
<b>By Employment Type</b>		
Full Time	149	100%
Part-Time	0	0%
<b>By Employment Category</b>		
Senior Management	3	2%
Middle Management	30	20%
Frontline and other staff	116	78%
<b>By Geographical Region</b>		
Hong Kong	127	85%
Mainland China	22	15%



During the Reporting Period, the overall employee turnover is 26% (2024: 19%). The breakdown of employee turnover information is as follows:

Employee Turnover KPIs	No of leavers	Turnover rate (%) <sup>7</sup>
<b>Overall</b>	38	26%
<b>By Gender</b>		
Male	22	22%
Female	16	31%
<b>By Age Group</b>		
18–34	6	24%
35–54	16	21%
55 or above	16	33%
<b>By Geographical region</b>		
Hong Kong	27	21%
Mainland China	11	50%

Note:

7. Turnover rate = Employees in the specified category leaving employment/The total number of employees in the specified category as of the end of the Reporting Period\*100%

## Health and Safety

Based on the findings of the materiality assessment, occupational health and safety was regarded as one of the most important ESG issues of the Group. As such, the Group is committed to providing employees with a safe and harmonious working environment. In accordance with the relevant labour standards and legal requirements, the Group has formulated a series of Safety Policies with reference to job nature and duties. The policies cover guidelines regarding carrying and moving objects and operating electric lifting platforms. The Group provides tools and training to its employees for their safe discharge of duties. The Group has purchased work-related injury compensation insurance for employees in accordance with the Employee Handbook.

During the Reporting Year, the Group was not aware of any material non-compliance with relevant laws and regulations that might have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. Such laws and regulations include but are not limited to the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (the “Occupational Safety and Health Ordinance”).

## Safety Management Framework

The Group places strong emphasis on maintaining a safe and risk-aware workplace. Our safety management framework outlines clear procedures for daily operations, emergency situations, and specialised work environments. A cross-departmental Safety Committee, led by senior management, monitors compliance and reviews safety practices on a regular basis. Employees receive ongoing training to ensure they are prepared for potential incidents, including scenario-based drills and instruction on handling hazardous materials. To support safe operations, the Group provides appropriate protective gear and ensures that equipment and facilities meet required safety standards. Through these measures, we aim to minimise workplace hazards and promote a culture where safety is embedded in every task.





## Health Initiatives

The Group offers free annual influenza vaccinations at operational locations, including cold storage and logistics services. Additionally, health insurance is provided, covering outpatient services and hospitalisation expenses, ensuring comprehensive support for employee well-being.

Fiscal Year	Unit	2025	2024	2023
Fatalities due to work	Cases	0	0	0
Fatalities Rate <sup>8</sup>	%	0	0	0
Work injury > 3 lost days	Days	4	3	4
Work injury ≤ 3 lost days	Days	0	0	0
Lost days due to work injury	Days	241	62	421

During the Reporting Year, the Group did not record any work-related fatalities during the last three consecutive years, and there were a total of 241 days (2024: 62 days) of work-related injury leave taken by employees.

Note:

8. Fatality rate = Total number of fatalities ÷ Total number of employees at the end of the Reporting Year x 100%

## Development and Training

Daido believes the continuous development of its employees will contribute to the overall development of the organisation. Therefore, the Group has systematically provided all-rounded training to employees of different levels, keeping them updated with new skills and refreshed on existing skills. The Group also provides the employees of the administrative departments with relevant courses and seminars covering a range of topics, such as prevention of bribery, thus enabling them to strengthen their work-related knowledge, skills and attitude in order to keep up with the industry changes.

A summary of the Group's training information is included below:

Categories	2025		2024	
	Percentage of Employee Trained <sup>9</sup>	Average Training Hours <sup>10</sup>	Percentage of Employee Trained <sup>9</sup>	Average Training Hours <sup>10</sup>
<b>Overall</b>	15.00%	0.79	15.38%	8.02
<b>By Gender</b>				
Male	19.57%	1.03	19.27%	8.33
Female	0.00%	0	2.94%	1.50
<b>By Employment Type</b>				
Senior management	0.00%	0	0.00%	8.02
Middle management	0.00%	0	5.26%	1.50
Frontline & other staff	16.98%	0.89	17.21%	8.33

Notes:

9. The percentage of employees trained = (Total number of employees trained during the Reporting Year ÷ Total number of employees at the end of the Reporting Year) x 100%.

10. Average training hours = Total training hours during the Reporting Year ÷ Total number of employees trained during the Reporting Year.

11. The percentage of employees trained by category = (Total number of employees trained in the specific category during the Reporting Year ÷ Total number of employees in the specific category at the end of the Reporting Year) x 100%.

12. Average training hours by category = Total training hours in the specific category during the Reporting Year ÷ Total number of employees trained in the specific category during the Reporting Year.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A summary of our training topics, participation, and total hours is shown below.

Training Categories	Number of Employee Trained	Training Hours
<b>Forklift operator training</b>	18	94.5

## Labour Standards

The Group has formulated policies to ensure all employees and job applicants are entitled to fair opportunity and treatment.

During the Reporting Year, the Group was not aware of any material non-compliance with relevant laws and regulations that might have a significant impact on the Group relating to preventing child and forced labour. Such laws and regulations include but are not limited to the Employment of Children Regulations (Chapter 57B, Employment Ordinance of the Laws of Hong Kong SAR) and the Employment of Young Persons (Industry) Regulations (Chapter 57C, Employment Ordinance of the Laws of Hong Kong SAR).

### Prevention of Child and Forced Labour

The Group has zero tolerance and strictly prohibits the use of child labour and forced labour in our operations. The measures mentioned below have been taken to avoid these illegal employment practices.

#### Prevention of child labour

During the recruitment process, the human resources department will verify the applicant's identity documents and ensure that they have reached the minimum age for employment.

#### Prohibition of forced labour

The Group specifies overtime compensation provisions in the Employee Handbook. The Group carefully monitors the employee's working time and working schedule to ensure they work voluntarily and freely.

In case of any illegal labour practice discovered, the Group will stop their employment immediately. An investigation will be carried out subsequently and the case will be reported to the relevant authorities.

## Supply Chain Management

Our supply chain management incorporates the principle of sustainability in every part of the procurement process, including logistics, sourcing, selection of materials, distribution and inventory management. Our Group gives priority to products and services which are environmentally friendly and socially responsible. We regularly evaluate our vendors based on their compliance with applicable laws and regulations in relation to safety, environmental protection, and other social aspects. Regular assessments covering professional qualification, service quality, financial status, integrity, and legal compliance are conducted as needed. When the result is not satisfactory, the supplier will be removed from the approved supplier list.





Every supplier is required to comply with our code of practice, which prohibits the offering of gifts, loans, hospitality, services or favour in an improper manner. In addition, the Group encourages our business partners to adopt the best environmental and social practices and to integrate sustainability into the core business, through developing energy-saving and consumption-reduction policies. For example:

- Recyclable
- Refillable
- Energy efficient
- Utilising clean technology and fuels
- Requiring minimal water consumption
- Pollution-free

We also preferred local suppliers by reducing Scope 3 GHG emissions through shorter transportation distances. They enhance social responsibility by supporting local economies, creating jobs, and ensuring better labor standard monitoring.

The number of suppliers by geographic region is as follows:

Geographical Region	2025	2024
Hong Kong	109	116
China	0	2
Taiwan	1	1
<b>Total</b>	<b>110</b>	119

### Product Responsibility

The Group is committed to upholding the highest standards of product responsibility across its cold storage operations and food and beverage trading activities. Strict temperature-controlled storage protocols and real-time monitoring systems are implemented to ensure that all products are handled, stored, and delivered in optimal conditions, safeguarding both safety and quality. Our food and beverage trading business adheres closely to regulatory requirements on product sourcing, labelling, traceability, and hygiene, ensuring that customers receive products that meet statutory and industry standards. Clear handling procedures, regular equipment inspections, and rigorous quality checks help prevent contamination risks and maintain product integrity throughout the supply chain. By prioritising transparency, regulatory compliance, and responsible service delivery, the Group ensures that clients and consumers can rely on the safety, accuracy, and consistency of the products entrusted to us.



## ISO 9001:2015 Quality Management System

In alignment with our commitment to superior service quality, our Kwai Chung facility is certified to ISO 9001:2015 standards, enabling us to maintain rigorous quality control and continuous improvement protocols across all cold chain service requirements.

Furthermore, Daido participated in the HKQAA ESG Connect Program, which provides a recognised platform for organisations to disclose their ESG practices and strengthen engagement with stakeholders. Through this initiative, the Group can communicate its sustainability efforts in a more structured and transparent manner, demonstrating its ongoing commitment to advancing ESG performance.

In addition, the Group will report its ESG-related KPIs, targets, and progress in accordance with the framework and definitions established by the HKQAA. This approach ensures greater clarity and consistency in ESG disclosures and supports the Group's efforts to improve accountability and drive continuous improvement across its sustainability initiatives.

During the Reporting Year, the Group was not aware of any material non-compliance with relevant laws and regulations that might have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Such laws and regulations include but are not limited to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Privacy Ordinance") and the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong).

## Customer Satisfaction and Complaint Management

The Group strives to maintain reliable and consistent service standards for customers using our cold storage facilities and purchasing our food and beverage products. We monitor customer feedback through day-to-day interactions, service performance reviews, and periodic follow-ups to ensure that our operations meet client expectations. A clear procedure is in place for handling complaints, where issues are logged, assessed, and addressed by the relevant teams within a defined timeframe. Each case is reviewed to identify root causes and implement corrective measures to prevent recurrence.

## Data Privacy Protection

The Group is committed to protecting customer information and ensuring that all personal data is handled responsibly and in compliance with Hong Kong's Personal Data (Privacy) Ordinance. Customer data is used strictly for legitimate business purposes and safeguarded through robust security controls, including system encryption and multiple layers of protective technology. To maintain the integrity and stability of our digital systems, we have implemented key security measures such as firewalls, VPN access controls, antivirus software, and LAN scanning tools. These systems are regularly updated to defend against emerging cybersecurity threats.

We maintain a clear incident-response protocol to ensure timely action in the event of a data breach. Any suspected or confirmed incidents must be reported to management for investigation and corrective measures.

During the Reporting Period, the Group recorded no violations of the Personal Data (Privacy) Ordinance, reflecting our continued commitment to data privacy and information security.

## Intellectual Property ("IP") Rights

The Group maintains vigilant oversight of potential infringement activities in the market and takes proactive measures to address them in full compliance with the Copyright Ordinance. Any unauthorised use of intellectual property rights is subject to legal consequences. During the Reporting Period, no significant incidents of IP rights infringement were recorded.

## Anti-Corruption

The Board sets a tone of zero tolerance towards fraud and corruption. The Group's Employee Handbook states guidelines that require employees to comply with all applicable rules on conflicts of interest, insider dealing, anti-competition and anti-corruption. It demands strict adherence from every employee to applicable laws, rules, and regulations in the jurisdictions in which the Group operates.





The Anti-corruption Policy provides guidance for employees on recognising and avoiding unethical behaviour in a range of business contexts, including procurement of goods and services, accepting and offering corporate gifts or hospitality, and making political or charitable contributions. Any solicitation or acceptance of an advantage, bribery, extortion, fraud, or money laundering are strictly prohibited.

Also, the Group has established writing guidelines in its ESG Policies and Staff Handbook to protect our business. Employees are required to verify customer identities and to report any suspicious activities or unusual cash movements promptly.

During the Reporting Period, the Group was unaware of any material non-compliance with related laws and regulations regarding bribery, extortion, fraud and money laundering that would have a significant impact on the Group. No concluded legal cases regarding corrupt practices were brought against the Group or its employees during the Year.

### **Anti-Corruption Training**

The Group places a strong emphasis on ensuring adherence to its governance policies, and to achieve this, comprehensive training programs are provided to employees. As part of the induction process, new employees receive training specifically tailored to familiarise them with the Group's governance policies and principles. The Group's director and staff have received comprehensive anti-corruption training.

### **Whistleblowing Policy**

The Group encourages its employees and other stakeholders, including customers and suppliers, to raise concerns about suspected improprieties, misconduct, or malpractice. A confidential channel is in place for employees and stakeholders to report any suspected incidents. Following the guidelines outlined in the Whistleblowing Policy, the Group treats every reported incident with the utmost confidentiality and ensures that whistleblowers are protected from unfair dismissal, victimisation, or unwarranted disciplinary action. Incidents related to fraud and corruption will be thoroughly investigated.

### **Community Investment**

While pursuing business development, Daido will spare no effort to contribute to society as a demonstration of corporate citizenship. We are committed to fulfilling the Group's corporate social responsibility by promoting community building and supporting the underprivileged. The Group also hopes to cultivate employees' sense of social responsibility, so it has always encouraged employees to participate in social welfare activities during their work and private time to make greater contributions to society. We are focused on contributing to the needs of our communities.

### **Spreading Unity and Care Through Mid-Autumn Charity Vouchers**

In a continued effort to foster community well-being and uphold cultural traditions, the company made a meaningful charitable contribution through the purchase of Charity Mid-Autumn Festival Mooncake Vouchers, amounting to HK\$27,520. This initiative, organised in partnership with The Community Chest and Wing Wah, not only allowed the company to share festive blessings during the Mid-Autumn Festival but also helped channel resources toward supporting essential social services across Hong Kong. By participating in this culturally significant charity programme, the company strengthened its commitment to social responsibility, encouraged employee engagement in benevolent activities, and contributed to preserving the spirit of unity and compassion that the festival represents. This donation demonstrates the company's ongoing dedication to creating a positive impact in the community and supporting charitable efforts that enrich society as a whole.

### **Lighting the Way to a Greener Future — By Switching Off**

As part of the global "60+ Earth Hour" movement led by the World Wildlife Fund (WWF), our company proudly demonstrated our commitment to environmental responsibility by mobilising all employees to switch off unnecessary lights for one hour. This symbolic yet powerful action goes beyond simply saving electricity; it represents our united stand against climate change and our dedication to protecting the planet we depend on. By participating together, we amplify awareness, inspire sustainable habits, and reinforce our belief that meaningful change begins with collective action. Through this initiative, we not only reduce our environmental footprint but also reaffirm our role as a company that leads with purpose, responsibility, and a long-term vision for a greener future.





# INDEPENDENT AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF DAIDO GROUP LIMITED

*(Incorporated in the Bermuda with limited liability)*

### OPINION

#### What we have audited

The consolidated financial statements of Daido Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 79 to 161, which comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of material accounting policies and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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 consolidated financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code.





## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the “Going concern” section in Note 3.3 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred net loss of approximately HK\$72,123,000 for the year ended 31 December 2025 and, as at that date, the Group had net current liabilities of approximately HK\$94,445,000 and net liabilities of approximately HK\$66,055,000 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. The directors of the Group (the “Directors”), having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “Material Uncertainty Related to Going Concern” section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### **Impairment assessments of the property, plant and equipment and right-of-use assets related to the cold storage and related services business (the “Cold Storage Business”)**

*Refer to Notes 3.10, 3.28, 15 and 16 to the consolidated financial statements*

The carrying amounts of the Group’s property, plant and equipment and right-of-use assets related to the Cold Storage Business (before impairment allowances) at 31 December 2025 amounted to approximately HK\$2,403,000 and HK\$409,177,000, respectively. According to Hong Kong Accounting Standard (“HKAS”) 36 Impairment of Assets, the management of the Group is required to perform impairment assessment on an asset if there is an indicator that the recoverable amount of the asset may be lower than its carrying amount. The management of the Group considers an impairment indicator to exist as Cold Storage Business incurred a downturn resulting in a decline in operating profit flowing from the assets during the year. The management of the Group performs impairment assessments on the Group’s property, plant and equipment and right-of-use assets under its Cold Storage Business which is considered as a separate identifiable cash generating unit (the “Cold Storage CGU”) of the Group.

Our key procedures, among others, consisted of:

- obtaining an understanding of the Group management’s processes in order to review and evaluate the impairment assessments of the property, plant and equipment and right-of-use assets related to the Cold Storage Business;
- assessing the competence, capabilities and objectivity of the Valuer for the estimation of the recoverable amounts of the property, plant and equipment and right-of-use assets related to the Cold Storage Business;
- discussing the scope of work of the Valuer with the management of the Group and reviewing the terms of the Valuation engagement to determine if there any scope limitations imposed to the valuation;

The management of the Group has to exercise judgement and make estimation, particularly in assessing: (1) any event occurred or any indicator showed that the Group’s property, plant and equipment and right-of-use assets impaired; (2) whether the carrying amounts of the Group’s property, plant and equipment and right-of-use assets can be supported by the respective recoverable amounts by using value in use which are deriving from the net present value of future cash flows estimated by assuming the Group’s property, plant and equipment and right-of-use assets continuously be used; and (3) the appropriateness of the key assumptions and discount rates applied in estimating the recoverable amounts, including cash flow projections.



## KEY AUDIT MATTERS (continued)

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Impairment assessments of the property, plant and equipment and right-of-use assets related to the cold storage and related services business (the “Cold Storage Business”) (continued)

Refer to Notes 3.10, 3.28, 15 and 16 to the consolidated financial statements

The management of the Group engaged an independent professional valuer (the “Valuer”) in assisting the preparation of cash flow projections of the Cold Storage CGU for estimating the respective recoverable amounts of the property, plant and equipment and right-of-use assets were determined based on higher of value in use and fair value less costs of disposal (the “Valuation”). Value in use calculations are based on future discounted cash flows which involve significant judgements and certain assumptions, including occupancy rates and growth in charge rates, made by the Directors and the estimation of discount rates applied by the Valuer in estimating the recoverable amounts for impairment assessments are considered involving significant judgement.

Based on the results of the estimation of the recoverable amounts, no impairment allowance in respect of the property, plant and equipment and right-of-use assets under the Cold Storage CGU are recognised in profit or loss for the year ended 31 December 2025.

We identified the impairment assessments of the property, plant and equipment, and right-of-use assets related to the Cold Storage Business as a key audit matter due to their significances to the consolidated financial statements and the involvement of subjective judgement and management’s estimation in determining the respective recoverable amounts.

- comparing the key inputs mentioned above applied in the Valuation to the entity-specific historical information and public available information to evaluate the appropriateness of using these inputs in the Valuation;
- engaging our valuation specialist to evaluate the appropriateness and reasonableness of methodologies used and key inputs applied in the Valuation; and
- checking arithmetic accuracies of the calculation of the recoverable amounts, including the cash flow projection.



# INDEPENDENT AUDITOR'S REPORT



## OTHER INFORMATION

The Directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Directors of the Company are responsible for the preparation 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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





# INDEPENDENT AUDITOR'S REPORT



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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Tsz Yeung.

**Linksfeld CPA Limited**  
*Certified Public Accountants*

**Chan Tsz Yeung**  
Practicing Certificate Number: P08054

Hong Kong, 30 March 2026



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025



	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	6		
– Provision of cold storage and related services		132,827	180,408
– Trading and sales of food and beverage		16,653	38,747
– Others		246	233
<b>Total revenue</b>		<b>149,726</b>	<b>219,388</b>
Cost of revenue		(142,019)	(209,496)
Gross profit		7,707	9,892
Other income	7	5,264	12,152
Other gains, net	8	95	87
Loss allowance on trade and other receivables, net		(1,166)	(323)
Selling and distribution expenses		(9,769)	(11,208)
Administrative expenses		(31,715)	(36,629)
Finance costs	9(a)	(42,539)	(14,199)
<b>Loss before tax</b>	9	<b>(72,123)</b>	<b>(40,228)</b>
Income tax expense	12	–	–
<b>Loss for the year</b>		<b>(72,123)</b>	<b>(40,228)</b>
<b>Other comprehensive income/(losses)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		335	(358)
<i>Item that may not be reclassified subsequently to profit or loss:</i>			
Remeasurement of employee benefit obligations		283	(20)
<b>Total other comprehensive income/(losses)</b>		<b>618</b>	<b>(378)</b>
<b>Total comprehensive losses for the year</b>		<b>(71,505)</b>	<b>(40,606)</b>
<b>Loss for the year attributable to equity holders of the Company</b>		<b>(72,123)</b>	<b>(40,228)</b>
<b>Total comprehensive losses for the year attributable to equity holders of the Company</b>		<b>(71,505)</b>	<b>(40,606)</b>
<b>Loss per share attributable to equity holders of the Company</b>			(Restated)
		HK\$	HK\$
Basic and diluted	13	(2.28)	(1.39)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with notes.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025



	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	2,724	3,484
Right-of-use assets	16	413,542	477,303
Goodwill		68	68
Rental deposits paid	17	14,191	12,618
Pledged bank deposits	18	1,700	1,700
		<b>432,225</b>	<b>495,173</b>
<b>Current assets</b>			
Inventories	19	528	578
Trade and other receivables, deposits and prepayments	17	39,011	32,816
Bank and cash balances	20	13,117	59,765
		<b>52,656</b>	<b>93,159</b>
<b>Current liabilities</b>			
Trade and other payables	21	15,968	10,163
Contract liabilities	22	5,193	5,259
Employee benefit obligations	27	–	3,333
Lease liabilities	16	58,440	52,960
Bonds payables	25	67,500	75,000
Bank borrowing	23	–	35,000
		<b>147,101</b>	<b>181,715</b>
<b>NET CURRENT LIABILITIES</b>		<b>(94,445)</b>	<b>(88,556)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>337,780</b>	<b>406,617</b>
<b>Non-current liabilities</b>			
Lease liabilities	16	365,155	419,492
Bonds payables	25	–	10,000
Convertible bonds	26	35,991	–
Employee benefit obligations	27	2,689	–
		<b>403,835</b>	<b>429,492</b>
<b>NET LIABILITIES</b>		<b>(66,055)</b>	<b>(22,875)</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025



	Notes	2025 HK\$'000	2024 HK\$'000
<b>CAPITAL AND RESERVES</b>			
Share capital	28	4,481	2,901
Reserves	29	(70,536)	(25,776)
<b>TOTAL DEFICITS</b>		<b>(66,055)</b>	<b>(22,875)</b>

The consolidated financial statements on pages 79 to 161 were approved and authorised for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

**He Xinyu**  
Director

**Leung Chi Hung**  
Director

The above consolidated statement of financial position should be read in conjunction with notes.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital HK\$'000 (Note 28)	Share premium HK\$'000 (Note 29(a))	Capital reserve HK\$'000 (Note 29(b))	Exchange reserve HK\$'000 (Note 29(c))	Convertible bonds reserve HK\$'000 (Note 29(d))	Share option reserve HK\$'000 (Note 30)	Accumulated losses HK\$'000	Total HK\$'000
<b>At 31 December 2024 and</b>								
1 January 2025	2,901	381,060	66,094	(26)	–	3,944	(476,848)	(22,875)
Loss for the year	–	–	–	–	–	–	(72,123)	(72,123)
<b>Other comprehensive income:</b>								
<i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange differences on translation of foreign operations	–	–	–	335	–	–	–	335
<i>Item that may not be reclassified subsequently to profit or loss</i>								
Remeasurement of employee benefit obligations	–	–	–	–	–	–	283	283
Total other comprehensive income	–	–	–	335	–	–	283	618
Total comprehensive income/(losses) for the year	–	–	–	335	–	–	(71,840)	(71,505)
<b>Transactions with owners</b>								
Issuance of new shares	1,580	21,205	–	–	–	–	–	22,785
Transaction costs attributable to issuance of new shares	–	(297)	–	–	–	–	–	(297)
Lapse of share options	–	–	–	–	–	(3,018)	3,018	–
Recognition of share-based payment expenses	–	–	–	–	–	8	–	8
Issuance of convertible bonds (Note 26)	–	–	–	–	6,272	–	–	6,272
Issuance costs on convertible bonds (Note 26)	–	–	–	–	(443)	–	–	(443)
Total transactions with owners	1,580	20,908	–	–	5,829	(3,010)	3,018	28,325
<b>At 31 December 2025</b>	<b>4,481</b>	<b>401,968</b>	<b>66,094</b>	<b>309</b>	<b>5,829</b>	<b>934</b>	<b>(545,670)</b>	<b>(66,055)</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025



	Share capital HK\$'000 (Note 28)	Share premium HK\$'000 (Note 29(a))	Capital reserve HK\$'000 (Note 29(b))	Exchange reserve HK\$'000 (Note 29(c))	Share option reserve HK\$'000 (Note 30)	Accumulated losses HK\$'000	Total HK\$'000
<b>At 1 January 2024 (Restated)*</b>	2,901	381,060	66,094	332	3,944	(436,600)	17,731
Loss for the year	-	-	-	-	-	(40,228)	(40,228)
<b>Other comprehensive losses:</b>							
<i>Item that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations	-	-	-	(358)	-	-	(358)
<i>Item that may not be reclassified subsequently to profit or loss</i>							
Remeasurement of employee benefit obligations	-	-	-	-	-	(20)	(20)
Total other comprehensive losses	-	-	-	(358)	-	(20)	(378)
Total comprehensive losses for the year	-	-	-	(358)	-	(40,248)	(40,606)
At 31 December 2024	2,901	381,060	66,094	(26)	3,944	(476,848)	(22,875)

\* Background and details of restatement can be found in 2024 Annual Report principal accounting policies Note 3.

The above consolidated statement of changes in equity should be read in conjunction with notes.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025



	Notes	2025 HK\$'000	2024 HK\$'000
<b>Operating activities</b>			
Loss before tax		(72,123)	(40,228)
Adjustments for:			
Depreciation of property, plant and equipment	15	1,106	1,528
Depreciation of right-of-use assets	16	68,246	83,370
Finance costs	9(a)	42,539	14,199
Interest income		(1,024)	(3,370)
Loss allowance on trade and other receivables, net	33(a)(iii)	1,166	323
Share-based payment expenses		8	–
Gains on disposal/write-off of property, plant and equipment, net	8	(101)	(146)
Recovery of loan receivables	8	(72)	(81)
Write-off of trade receivables	8	–	8
Write-off of inventories	9(d)	–	15
Provision for employee benefit obligations	27	206	212
<i>Operating cash flows before movements in working capital:</i>		<b>39,951</b>	55,830
Inventories		50	293
Trade and other receivables, deposits and prepayments		10,823	21,670
Trade and other payables		3,489	(2,976)
Contract liabilities		(66)	(2,107)
Employee benefit obligations		(667)	(778)
Cash generated from operations		<b>53,580</b>	71,932
Interest received		–	233
<b>Net cash generated from operating activities</b>		<b>53,580</b>	72,165
<b>Investing activities</b>			
Additions in property, plant and equipment	15	(419)	(1,901)
Bank interest received	7	29	87
Payment of rental deposit of right-of-use assets		(767)	–
Proceeds from disposal of property, plant and equipment		174	208
Refund of rental deposits of right-of-use assets		–	34,791
<b>Net cash (used in)/generated from investing activities</b>		<b>(983)</b>	33,185



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025



	Notes	2025 HK\$'000	2024 HK\$'000
<b>Financing activities</b>			
Proceeds from the issuance of convertible bonds	31	45,000	–
Payments of issuance costs on convertible bonds	31	(3,180)	–
Proceeds from the issuance of new shares		4,785	–
Payments of transaction costs on issuance of new shares		(297)	–
Repayments of lease liabilities	31	(53,260)	(77,404)
Interest paid	31	(40,123)	(14,750)
Repayment of bonds payable	31	(17,500)	(15,000)
Repayment of bank borrowing	31	(35,000)	–
<b>Net cash used in financing activities</b>		<b>(99,575)</b>	<b>(107,154)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(46,978)</b>	<b>(1,804)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>59,765</b>	<b>61,952</b>
Effect on exchange rate changes		330	(383)
<b>Cash and cash equivalents at the end of the year, represented by bank and cash balances</b>	20	<b>13,117</b>	<b>59,765</b>

The above consolidated statement of cash flows should be read in conjunction with notes.



## 1 CORPORATE INFORMATION

Daido Group Limited (the “Company”) was incorporated in Bermuda as an exempted Company with limited liability. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Unit 2703, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 14. The Company and its subsidiaries are herein collectively referred to as the “Group”.

The consolidated financial statements are presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all individual applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The measurement basis used in the preparation of these consolidated financial statements is historical cost.

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

A summary of the material accounting policies adopted by the Group is set out in Note 3.





## 3 MATERIAL ACCOUNTING POLICIES

### 3.1 New and amended standards adopted by the Group

The Group has applied the following amendments to HKFRS Accounting Standards for the first time for their annual reporting period commencing on 1 January 2025:

Amendments to HKAS 21                      Lack of Exchangeability

The amendments to HKFRS Accounting Standards listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### 3.2 New and amended HKFRS Accounting Standards not yet adopted

Certain new and amended HKFRS Accounting Standards have been issued but are not yet effective for the year beginning on 1 January 2025 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Amendments to Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors have performed assessment on these new and amended HKFRS Accounting Standards, and have concluded on a preliminary basis that these new and amended HKFRS Accounting Standards would not have a significant impact on the Group's consolidated financial statements when they become effective, except for following new HKFRS Accounting Standards.



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.2 New and amended HKFRS Accounting Standards not yet adopted (continued)

#### *HKFRS 18 Presentation and Disclosure in Financial Statements*

HKFRS 18 will replace HKAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements.

HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclosure financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The Group is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

There are no other new HKFRS Accounting Standards that are not yet effective and that would be expected to have material impact on the Group's consolidated financial statements. The Group will adopt the above new HKFRS Accounting Standards when they become effective.

### 3.3 Going concern

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration of the future liquidity of the Group in light of the fact that the Group incurred a net loss of approximately HK\$72,123,000 for the year ended 31 December 2025 and, as at that date, the Group's current liabilities exceed its current assets of approximately HK\$94,445,000 and its total liabilities exceed its total assets of approximately HK\$66,055,000. There is a material uncertainty related to these matters that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.3 Going concern (continued)

The Directors considered that the net current liabilities and net liabilities positions of the Group as of 31 December 2025 were primarily due to the bonds payables amounted to HK\$67,500,000 which are due for repayment within 12 months after 31 December 2025. The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements, after taking into consideration of the followings:

- (1) the Group is negotiating and discussing with the bondholders, who have a history of extending bonds with the Company, on existing and future settlement/schedule plans related to the bonds and actively exploring the availability of fund-raising activities as and when appropriate;
- (2) the Group is actively negotiating with potential investors to secure new equity or debt financing to meet the Group's working capital and financial requirements in the near future;
- (3) the Group continues to develop and operate the cold storage and related services and trading and sales of food beverage business segments such that they can bring operating cash inflows to the Group; and
- (4) the Group is actively negotiating with new potential customers to establish business cooperation, which, if successfully concluded, are expected to improve the liquidity, profitability and revenue of the Group.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the Directors are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. Furthermore, Providence Capital Group Limited, the Group's shareholder, has confirmed to provide continuing financial support to the Group so as to enable the Group to meet their liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. The Directors believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

However, should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.4 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss and other comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

### 3.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment losses. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

### 3.6 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the chief operating decision makers for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Operating segments that meet the quantitative thresholds are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Other operating segments may be aggregated if they share a majority of these criteria.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.7 Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss and other comprehensive income.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") 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 period;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

### 3.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment and right-of-use assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit (the "CGU")).

If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or CGU that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment losses is recognised as an income in profit or loss immediately.

The accounting policy for recognition of the impairment loss for goodwill is stated in the accounting policy for goodwill in Note 3.9.



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.9 Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interests in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary.

Goodwill on an acquisition of a subsidiary is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

### 3.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write-off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method at following annual rates. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	Over the shorter of terms of the leases, or 10%
Furniture and fixtures	10%–33.3%
Motor vehicles	20%–33.3%
Plant and machinery and equipment	15%–50%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.11 Financial instruments

#### Financial assets

##### *Recognition and derecognition*

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at financial assets at fair value through other comprehensive income ("FVOCI"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.11 Financial instruments (continued)

#### Financial assets (continued)

##### *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVPL:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost included rental deposits paid, trade and other receivables, pledged bank deposits, other deposits and bank and cash balances.

#### Financial liabilities

##### *Recognition and derecognition*

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expired.

##### *Classification and measurement*

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, contract liabilities, employee benefit obligations, bond payables, convertible bonds and bank borrowing. All financial liabilities, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

#### Impairment of financial assets

The Group recognises loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9 *Financial Instruments*. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.11 Financial instruments (continued)

#### Impairment of financial assets (continued)

##### Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument
- (iii) nature of collateral
- (iv) industry of debtors
- (v) geographical location of debtors
- (vi) external credit risk ratings (if available)

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

#### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

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



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.11 Financial instruments (continued)

#### Definition of default (continued)

##### *Assessment of significant increase in credit risk*

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

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

#### *Low credit risk*

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

#### *Simplified approach of ECL*

For trade receivables without a significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and the Group uses internal credit rating to assess with the impairment for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical default rates taking into consideration the historical data and forward-looking information that is available without undue cost or effort.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.11 Financial instruments (continued)

#### Definition of default (continued)

##### *Credit-impaired financial asset*

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Write-off*

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written-off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

### 3.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

### 3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.14 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 3.15 Bank and cash balances

For the purpose of presentation in the consolidated statement of cash flows, bank and cash balances include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

### 3.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### 3.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 3.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.18 Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

### 3.19 Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amount presented as receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

### 3.20 Compound financial instruments

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs. Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

At the date of issue, the liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in convertible bonds reserve. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The liability component of a convertible instrument is classified as current when the Group does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.20 Compound financial instruments (continued)

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Transaction costs that relate to the issue of convertible bonds are allocated to the debt and equity components in proportion to their relative values. Transaction costs relating to the equity components are charged to convertible bonds reserve immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

### 3.21 Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arising from initial recognition of goodwill, or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on an interest in a subsidiary, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### 3.22 Employee benefits

#### Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.22 Employee benefits (continued)

#### Defined contribution plans

The obligations for contributions to defined contribution retirement scheme in Hong Kong are recognised as expense in profit or loss as incurred. The assets of the scheme are held separately from the Group in an independently administered fund.

In accordance with the rules and regulations in the People's Republic of China (the "PRC"), the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement plans organised by local governments. Contributions to those plans are expensed as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

#### Long service payments ("LSP")

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

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

### 3.23 Share-based payment transactions

#### Equity-settled transactions

The Group's employees, including Directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account any market conditions and non-vesting conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions (the "vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the period of the review, with a corresponding adjustment to the reserve within equity.

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



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.23 Share-based payment transactions (continued)

#### Equity-settled transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for awards conditional on a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting conditions satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, an additional expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

Share-based compensation cost payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. In all cases, the fair value is measured at the date the Group obtains the goods or the counterparty renders the services.

### 3.24 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised 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 can be reliably estimated. Provisions are not recognised 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 recognised 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

### 3.25 Revenue recognition

#### Revenue from contracts with customers within HKFRS 15

##### *Nature of goods or services*

The nature of the goods or services provided by the Group are as follows:

- (i) Provision of cold storage, handling and logistics services
- (ii) Trading and sales of food and beverage





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.25 Revenue recognition (continued)

#### Revenue from contracts with customers within HKFRS 15 (continued)

##### *Identification of performance obligations*

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

##### *Timing of revenue recognition*

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.25 Revenue recognition (continued)

#### Revenue from contracts with customers within HKFRS 15 (continued)

Revenue or income is recognised on the following bases:

##### *Provision of cold storage, handling and logistics services*

For the provision of cold storage, handling and logistics services, as the customers simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the services fee received or receivable from the customers as its revenue over time using output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customers to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Provision of cold storage, handling and logistics services are considered to be separate distinct services as they are regularly supplied by the Group to customers on a standalone basis and are available for customers. Revenue relating to these services is recognised over time. The normal credit term is ranging from 30 days to 60 days.

##### *Trading and sales of food and beverage*

For trading and sales of food and beverage, revenue is recognised at a point in time when the customer obtains the control of the goods, the Group has present right to payment and the collection of the consideration is probable.

The Group sells food and beverage directly to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location (delivery). Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is ranging from 30 days to 60 days upon delivery.

### 3.26 Other income

#### Income from financial assets

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets. For financial assets measured at amortised cost that are credit-impaired, interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

#### Other service income

Other services income is recognised at the point in time when the services provided are accepted and confirmed by counterparties.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.27 Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing the loss for the year attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 3.28 Leases

#### Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

#### The Group as a lessee

##### *Short-term leases*

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

##### *Right-of-use assets and lease liabilities*

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.28 Leases (continued)

#### The Group as a lessee (continued)

#### *Right-of-use assets and lease liabilities (continued)*

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any leases payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Cold storage warehouse	Over the term of lease
Office premises	Over the term of lease
Motor vehicles	Over the term of lease

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.28 Leases (continued)

#### The Group as a lessee (continued)

##### *Right-of-use assets and lease liabilities (continued)*

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;
- (b) the Group determines the lease term of the modified contract;
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.



## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.29 Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 3.30 Related parties

A related party is a person or entity that is related to the Group.

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





## 3 MATERIAL ACCOUNTING POLICIES (continued)

### 3.30 Related parties (continued)

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

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

### Key sources of estimation uncertainty

#### (i) Impairments of property, plant and equipment and right-of-use assets

The management of the Group considers the cold storage business as a CGU (the "Cold Storage CGU"). Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation, and any impairment losses. In determining whether an asset is impaired, the Group has to exercise judgements and make estimations, particularly in assessing: (1) any event occurred or any indicator showed that the Group's property, plant and equipment and right-of-use assets impaired; (2) whether the carrying amounts of the Group's property, plant and equipment and right-of-use assets can be supported by the respective recoverable amounts by using value in use which are deriving from the net present value of future cash flows estimated by assuming the Group's property, plant and equipment and right-of-use assets continuously be used; and (3) the appropriateness of the key assumptions and discount rates applied in estimating the recoverable amounts, including cash flow projections. Changing the assumptions and estimates, including discount rates or growth rates in the cash flow projections, could materially affect the net present values used in the calculation of recoverable amounts, hence, affect the impairment tests.



## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### Key sources of estimation uncertainty (continued)

#### (i) Impairments of property, plant and equipment and right-of-use assets (continued)

The management of the Group engaged an independent professional valuer (the “Valuer”) in assisting the preparation of cash flow projections of CGU (2024: same) of the cold storage and related services business (the “Cold Storage Business”) to which the property, plant and equipment and right-of-use assets belong in estimating the value in use of Cold Storage CGU. Certain assumptions, including occupancy rates and growth in charge rates, made by the Directors and the estimation of discount rates applied by the Valuer in estimating the recoverable amounts for impairment assessments are considered to involve significant judgement. The discount rates represent the rates that reflect current market assessments of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted. Increase/decrease of 1% in the discount rate, with all other assumptions held constant, would result in an increase/decrease in the value in use of approximately HK\$12,497,000 (2024: approximately HK\$16,065,000) and approximately HK\$11,952,000, respectively (2024: approximately HK\$15,281,000). In such scenario, the recoverable amount of the Cold Storage CGU remains in excess of its carrying amount, and no impairment loss is recognised.

#### (ii) Loss allowance for ECL

The Group’s management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group’s historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables. Details of the key assumptions and inputs used in estimating ECL are set out in Note 33.

#### (iii) Discount rates for calculating lease liabilities – as lessee

The Group uses the lessee’s incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.





## 5 SEGMENT REPORTING

The executive director has been identified as the chief operating decision maker to evaluate the performance of operating segments and to allocate resources to those segments.

Based on risks and returns and the Group's internal financial reporting, the executive director considers that the operating segments of the Group comprise:

- (i) Cold storage and related services in Hong Kong; and
- (ii) Trading and sales of food and beverage in the PRC and in Hong Kong.

Segment results, which are the measures reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of certain other revenue and other income, certain loss allowance on other receivables, central administration costs (including certain auditor's remuneration, certain depreciation of right-of-use assets and property, plant and equipment and directors' remuneration), certain finance costs and if applicable, certain other gains, net.

All assets are allocated to operating segments other than certain rental deposits paid, certain bank and cash balances, certain property, plant and equipment, certain right-of-use assets and certain other receivables, deposits and prepayments as these assets are managed on a group basis.

All liabilities are allocated to operating segments other than certain lease liabilities, bonds payables, certain other payables, convertible bonds and certain employee benefit obligations as these liabilities are managed on a group basis.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location where services are provided and based on the entity's places of domicile for the provision of cold storage and related services and trading and sales of food and beverage, assets and capital expenditure are attributed to the segments based on the location of the assets. The geographical segment information is reflected within operating segment information as the Group's two distinctive business activities are provided in two different locations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 SEGMENT REPORTING (continued)

Revenue from customers contributing 10% or more of the total revenue of the Group is reflected within the below operating segment information as “Major Customer”.

### Year ended 31 December 2025

	Cold storage and related services HK\$'000	Trading and sales of food and beverage HK\$'000	Consolidated HK\$'000
Segment revenue			
Major Customer A	15,996	–	15,996
Other customers	116,831	16,653	133,484
Total revenue	132,827	16,653	149,480
Segment results	(45,097)	(4,624)	(49,721)
Unallocated other revenue			246
Unallocated other income			42
Unallocated other gains, net			48
Unallocated loss allowance on other receivables			(1,642)
Unallocated finance costs			(6,970)
Unallocated expenses			(14,126)
Loss before tax			(72,123)

### Year ended 31 December 2024

	Cold storage and related services HK\$'000	Trading and sales of food and beverage HK\$'000	Consolidated HK\$'000
Segment revenue			
Major Customer A	35,388	–	35,388
Other customers	145,020	38,747	183,767
Total revenue	180,408	38,747	219,155
Segment results	(19,260)	(1,215)	(20,475)
Unallocated other revenue			233
Unallocated other income			96
Unallocated other losses, net			(49)
Unallocated finance costs			(5,774)
Unallocated expenses			(14,259)
Loss before tax			(40,228)





## 5 SEGMENT REPORTING (continued)

### Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segments is set out below:

As at 31 December 2025

	Cold storage and related services HK\$'000	Trading and sales of food and beverage HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Property, plant and equipment	2,418	262	44	2,724
Right-of-use assets	409,177	294	4,071	413,542
Other assets	37,098	5,154	26,363	68,615
<b>Total assets</b>	<b>448,693</b>	<b>5,710</b>	<b>30,478</b>	<b>484,881</b>
<b>Total liabilities</b>	<b>434,410</b>	<b>1,343</b>	<b>115,183</b>	<b>550,936</b>
Additional segment information:				
Cost of goods sold	–	14,668	–	14,668
Utilities expenses	9,044	–	–	9,044
Depreciation of property, plant and equipment	999	103	4	1,106
Depreciation of right-of-use assets	66,943	381	922	68,246
Loss allowance on trade and other receivables, net	(475)	(1)	1,642	1,166
Recovery of loan receivables	–	–	(72)	(72)
Gains on disposal/write-off of property, plant and equipment, net	(46)	–	(55)	(101)
Additions in property, plant and equipment	374	–	45	419
Additions in right-of-use assets	–	–	4,465	4,465
Interest income from bank deposits	(12)	(2)	(15)	(29)
Finance costs	35,546	23	6,970	42,539

## 5 SEGMENT REPORTING (continued)

### Segment assets and liabilities (continued)

As at 31 December 2024

	Cold storage and related services HK\$'000	Trading and sales of food and beverage HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Property, plant and equipment	3,115	365	4	3,484
Right-of-use assets	476,121	654	528	477,303
Other assets	45,068	11,054	51,423	107,545
<b>Total assets</b>	<b>524,304</b>	<b>12,073</b>	<b>51,955</b>	<b>588,332</b>
<b>Total liabilities</b>	<b>519,934</b>	<b>1,787</b>	<b>89,486</b>	<b>611,207</b>
Additional segment information:				
Cost of goods sold	–	35,618	–	35,618
Utilities expenses	11,534	–	–	11,534
Depreciation of property, plant and equipment	1,394	104	30	1,528
Depreciation of right-of-use assets	82,032	545	793	83,370
Loss allowance on trade receivables, net	290	33	–	323
Write-off of inventories	–	15	–	15
Recovery of loan receivables	–	–	(81)	(81)
Write-off of trade receivables	8	–	–	8
Gains on disposal/write-off of property, plant and equipment, net	(129)	(17)	–	(146)
Additions in property, plant and equipment	1,901	–	–	1,901
Additions in right-of-use assets	349	774	–	1,123
Reassessment of lease liabilities	482,775	–	–	482,775
Interest income from bank deposits	(26)	(9)	(52)	(87)
Finance costs	8,407	18	5,774	14,199





## 5 SEGMENT REPORTING (continued)

### Geographical information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers and non-current assets by geographical locations of the assets (excluding pledged bank deposits and rental deposits paid) are set forth below:

	Revenue from external customers		Non-current assets	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	133,081	180,692	416,037	480,195
The PRC	16,645	38,696	297	660
	149,726	219,388	416,334	480,855

## 6 REVENUE

Revenue is analysed by categories as follows:

	2025	2024
	HK\$'000	HK\$'000
<i>Revenue from Contracts with Customers within HKFRS 15</i>		
Provision of cold storage and related services		
– Cold storage services	114,073	158,199
– Handling services	1,909	2,285
– Logistics services	16,845	19,924
	132,827	180,408
Trading and sales of food and beverage	16,653	38,747
	149,480	219,155
Other revenue	246	233
<b>Total revenue</b>	<b>149,726</b>	<b>219,388</b>
<b>Timing of revenue recognition</b>		
At a point in time	16,653	38,747
Over time	132,827	180,408
	149,480	219,155

## 7 OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Imputed interest income on rental deposits paid	995	3,050
Interest income from bank deposits	29	87
Other services income	4,092	8,950
Sundry income	148	65
	<b>5,264</b>	<b>12,152</b>

## 8 OTHER GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Exchange losses, net	(78)	(132)
Gains on disposal/write-off of property, plant and equipment, net	101	146
Recovery of loan receivables	72	81
Write-off of trade receivables	–	(8)
	<b>95</b>	<b>87</b>





## 9 LOSS BEFORE TAX

This is stated after charging:

	2025 HK\$'000	2024 HK\$'000
<b>(a) Finance costs</b>		
Interest expense on a bank borrowing	1,697	1,726
Interest expense on bonds payables	4,568	5,724
Interest expense on convertible bonds	2,367	–
Interest expense on lease liabilities	33,807	6,649
Interest expense on employee benefit obligations	100	100
	<b>42,539</b>	<b>14,199</b>
<b>(b) Staff costs, including key management's remuneration</b>		
Salaries, allowances, bonus and other short-term employee benefits	50,499	60,152
Contributions to defined contribution plans	2,699	3,209
Retirement benefit	30	–
Expenses arising from employee benefit obligations	206	212
Share-based payments expenses	8	–
	<b>53,442</b>	<b>63,573</b>
<b>(c) Key management's remuneration, including directors' remuneration</b>		
Salaries, allowances, bonus and other short-term employee benefits	6,626	8,503
Contributions to defined contribution plans	191	191
Retirement benefit	30	–
Expenses arising from employee benefit obligations	18	4
Share-based payments expenses	1	–
	<b>6,866</b>	<b>8,698</b>
<b>(d) Other items</b>		
Auditor's remuneration		
– audit services	850	1,254
– non-audit services	–	235
Cost of inventories recognised as expenses	14,845	33,171
Depreciation of property, plant and equipment	1,106	1,528
Depreciation of right-of-use assets	68,246	83,370
Expenses relating to short-term leases	21	68
Write-off of inventories	–	15



## 10 INFORMATION ABOUT THE BENEFITS OF DIRECTORS

### (a) Directors' emoluments

The aggregate amounts of remuneration received and receivable by the Directors are as follows:

	Directors' fees	Salaries, allowances and other short term employee benefits	Contributions to defined contribution plans	Expenses arising from employee benefit obligations	Retirement benefit	Share-based payment expenses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note i)	(Note ii)					
<b>Year ended 31 December 2025</b>							
<i>Executive directors</i>							
Mr. Fung Pak Kei (Note iii)	91	1,678	18	-	8	-	1,795
Mr. He Xinyu (Note ix)	48	228	7	-	-	1	284
Mr. Ho Hon Chung, Ivan (Note v)	55	678	-	-	17	-	750
	194	2,584	25	-	25	1	2,829
<i>Non-executive directors</i>							
Mr. Fung Wa Ko (Note vi)	74	-	-	-	-	-	74
Mr. Au Tat Wai (Note vi)	30	-	-	-	-	-	30
Ms. Kwan Nga Chung (Note iv)	180	-	-	-	-	-	180
	284	-	-	-	-	-	284
<i>Independent non-executive directors</i>							
Mr. Leung Chi Hung	180	-	-	-	-	-	180
Ms. Li Dan (Note vii)	72	-	-	-	-	-	72
Mr. Tse Yuen Ming (Note viii)	108	-	-	-	-	-	108
Mr. Lo Chi Wang	180	-	-	-	-	-	180
	540	-	-	-	-	-	540
	1,018	2,584	25	-	25	1	3,653





## 10 INFORMATION ABOUT THE BENEFITS OF DIRECTORS (continued)

### (a) Directors' emoluments (continued)

	Directors' fees HK\$'000 (Note i)	Salaries, allowances and other short term employee benefits HK\$'000 (Note ii)	Contributions to defined contribution plans HK\$'000	Expenses arising from employee benefit obligations HK\$'000	Total HK\$'000
<b>Year ended 31 December 2024</b>					
<i>Executive directors</i>					
Mr. Fung Pak Kei (Note iii)	132	2,444	25	1	2,602
Mr. Ho Hon Chung, Ivan (Note v)	132	1,469	–	1	1,602
	264	3,913	25	2	4,204
<i>Non-executive directors</i>					
Mr. Fung Wa Ko (Note vi)	180	–	–	–	180
Mr. Au Tat Wai (Note vi)	72	–	–	–	72
Ms. Kwan Nga Chung (Note iv)	1	–	–	–	1
	253	–	–	–	253
<i>Independent non-executive directors</i>					
Mr. Leung Chi Hung	180	–	–	–	180
Mr. Tse Yuen Ming (Note viii)	180	–	–	–	180
Mr. Lo Chi Wang	180	–	–	–	180
	540	–	–	–	540
	1,057	3,913	25	2	4,997

#### Notes:

- (i) The emoluments were for their services as directors of the Company.
- (ii) The emoluments were for their services in connection with management of affairs of the Group.
- (iii) Mr. Fung Pak Kei was appointed and re-designated from Chief Operating Officer (the “COO”) to the Chief Executive Officer (the “CEO”) with effect from 22 February 2024. In addition, he resigned as executive director and CEO of the Company on 8 September 2025.
- (iv) Ms. Kwan Nga Chung was appointed as a non-executive director of the Company on 30 December 2024.
- (v) Mr. Ho Hon Chung, Ivan retired as an executive director and acting CEO of the Company on 30 May 2025.
- (vi) Mr. Fung Wa Ko and Mr. Au Tat Wai retired as non-executive directors of the Company on 30 May 2025.
- (vii) Ms. Li Dan was appointed as an independent non-executive director of the Company on 8 August 2025.
- (viii) Mr. Tse Yuen Ming retired as an independent non-executive director of the Company on 8 April 2025.
- (ix) Mr. He Xinyu was appointed as an executive director on 8 August 2025 and the COO of the Company on 1 October 2025.



## 10 INFORMATION ABOUT THE BENEFITS OF DIRECTORS (continued)

### (a) Directors' emoluments (continued)

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2025 and 2024. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 December 2025 and 2024.

### (b) Loans, quasi-loans and other dealings in favour of the Directors

There were no other loans, quasi-loans or other dealings in favour of the Directors or its holding company, or their connected entities that were entered into or subsisted during the years ended 31 December 2025 and 2024.

### (c) Directors' material interests in transactions, arrangements or contracts

After consideration, other than disclosed in Notes 10, 30 and 32, no other transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which the Directors, or an entity connected with the Directors, had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2025 and 2024.

## 11 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2024: two directors), whose remunerations are set out in Note 10. Details of the remunerations of the remaining four (2024: three) non-directors, highest paid employees for the years are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances, bonus and other short-term employee benefits	4,154	3,907
Contributions to retirement benefit scheme	66	54
	<b>4,220</b>	<b>3,961</b>

The number of these non-directors, highest paid employees whose remunerations fell within the following bands:

	Number of employees	
	2025	2024
<b>Bands</b>		
HK\$500,001 to HK\$1,000,000	2	1
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$1,500,001 to HK\$2,000,000	–	1
	<b>4</b>	<b>3</b>

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration for the years ended 31 December 2025 and 2024.

There is no remuneration was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.





## 12 INCOME TAX EXPENSE

### Hong Kong Profits Tax

Hong Kong Profits Tax at the rate of 16.5% has not been provided as certain Group entities' estimated assessable profits were absorbed by unrelieved tax losses brought forward from previous year and some of the Group's entities incurred losses for taxation purposes in Hong Kong for the years ended 31 December 2025 and 2024.

### Income taxes outside Hong Kong

The Company and its subsidiaries established in Bermuda and the British Virgin Islands ("BVI") respectively are exempted from the enterprise income tax of their respective jurisdictions.

The Group's operations in the PRC are subject to the PRC's enterprise income tax at 25% (2024: 25%).

### Reconciliation of income tax expense

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(72,123)	(40,228)
Income tax at tax rate 16.5%	(11,900)	(6,638)
Non-deductible expenses	1,741	1,394
Tax effect on other deductible temporary differences not recognised	2,368	(216)
Tax exempt revenue	(286)	(18)
Unrecognised tax losses	7,890	5,950
Utilisation of deductible temporary differences previously not recognised	7	10
Utilisation of previous unrecognised tax losses	(184)	(192)
Effect of different tax rates of subsidiaries operating in other jurisdictions	364	(290)
Income tax expense	–	–

Details of deferred taxation are set out in Note 24.

## 13 LOSS PER SHARE

Basic loss per share is calculated based on the loss for the year ended 31 December 2025 attributable to the equity holders of the Company of approximately HK\$72,123,000 (2024: approximately HK\$40,228,000) and on the weighted average number of approximately 31,635,000 ordinary shares (2024: approximately 29,011,000 ordinary shares) in issue during the year ended 31 December 2025.

The weighted average number of ordinary shares for the purposes of calculating basic loss per share for the year ended 31 December 2024 had been adjusted, taking into account Share Consolidation (as defined in Note 28), and assuming Share Consolidation has been completed on 1 January 2024.

There were no dilutive potential ordinary shares during the year ended 31 December 2024. For the year ended 31 December 2025, the Company's dilutive potential shares comprise shares to be issued under convertible bonds and share option scheme. The Group incurred losses and the potential ordinary shares were not included in the calculation of the diluted loss per share as they are anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2025 is the same as basic loss per share.



## 14 SUBSIDIARIES

In the opinion of the Directors, a complete list of the particulars of all subsidiaries will be of excessive length and therefore the table below lists the principal subsidiaries at the end of the reporting period, which principally affected the result for the year or formed a substantial portion of the net assets of the Group:

Name of subsidiaries	Place of incorporation/ establishment	Particulars of issued and paid-up capital/ registered capital	Effective ownership interests held by the Company		Principal activities/place of operation
			2025	2024	
<b>Directly held by the Company</b>					
Daido (BVI) Limited	BVI	Ordinary shares, United States dollars (“US\$”) 2	100%	100%	Investment holding/Hong Kong
<b>Indirectly held by the Company</b>					
Brilliant Cold Chain Worldwide Limited	Hong Kong	Ordinary share, HK\$1	100%	100%	Provision of cold storage and related services/Hong Kong
Brilliant Cold Storage Management Limited	Hong Kong	Ordinary shares, HK\$2	100%	100%	Provision of cold storage and related services, and sales of food and beverage/Hong Kong
Brilliant Top In Logistics Limited	Hong Kong	Ordinary shares, HK\$2	100%	100%	Provision of logistics and related services/Hong Kong
Diamond Sparkling Limited	Hong Kong	Ordinary share, HK\$10	100%	100%	Provision of management services/Hong Kong
Lubrano Properties Limited	BVI	Ordinary shares, US\$50,000	100%	100%	Investment holding/Hong Kong
Sky Elegant Development Limited	Hong Kong	Ordinary share, HK\$1	100%	100%	Investment holding/Hong Kong
Tansun Trading (Guangzhou) Limited* 同瞬貿易(廣州)有限公司#	PRC	Registered capital Renminbi (“RMB”) 30,000,000, Paid-up capital RMB20,000,000	100%	100%	Trading and sales of food and beverage/PRC
Topgain Investments Limited	BVI	Ordinary share, US\$1	100%	100%	Investment holding/Hong Kong

# Registered under the law of the PRC as a wholly-owned foreign enterprise.

\* For identification purposes only.





## 15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Plant and machinery and equipment HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 January 2024	9,865	664	10,181	11,428	32,138
Additions	330	2	–	1,569	1,901
Disposals	–	–	(1,917)	(190)	(2,107)
Write-off	(278)	(183)	–	(3,036)	(3,497)
Transfer from right-of-use assets	–	–	658	–	658
At 31 December 2024 and 1 January 2025	<b>9,917</b>	<b>483</b>	<b>8,922</b>	<b>9,771</b>	<b>29,093</b>
Additions	–	–	–	419	419
Disposals	–	–	(1,951)	–	(1,951)
Write-off	(1,259)	(143)	–	(2,130)	(3,532)
<b>At 31 December 2025</b>	<b>8,658</b>	<b>340</b>	<b>6,971</b>	<b>8,060</b>	<b>24,029</b>
<b>Accumulated depreciation and impairment</b>					
At 1 January 2024	9,832	551	9,640	8,942	28,965
Charges	62	75	100	1,291	1,528
Disposals	–	–	(1,857)	(188)	(2,045)
Write-off	(278)	(183)	–	(3,036)	(3,497)
Transfer from right-of-use assets	–	–	658	–	658
At 31 December 2024 and 1 January 2025	<b>9,616</b>	<b>443</b>	<b>8,541</b>	<b>7,009</b>	<b>25,609</b>
Charges	46	26	100	934	1,106
Disposals	–	–	(1,951)	–	(1,951)
Write-off	(1,259)	(143)	–	(2,057)	(3,459)
<b>At 31 December 2025</b>	<b>8,403</b>	<b>326</b>	<b>6,690</b>	<b>5,886</b>	<b>21,305</b>
<b>Net carrying amount</b>					
<b>At 31 December 2025</b>	<b>255</b>	<b>14</b>	<b>281</b>	<b>2,174</b>	<b>2,724</b>
At 31 December 2024	301	40	381	2,762	3,484

Depreciation expenses of approximately HK\$892,000 (2024: HK\$1,270,000) and HK\$214,000 (2024: HK\$258,000) have been charged in cost of revenue and administrative expenses respectively.

## 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Right-of-use assets

	Cold storage warehouse HK\$'000	Offices HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Reconciliation of carrying amount				
– year ended 31 December 2024				
At 1 January 2024	74,488	1,774	541	76,803
Additions	–	774	349	1,123
Reassessment of lease liabilities	482,775	–	–	482,775
Depreciation	(81,847)	(1,338)	(185)	(83,370)
Exchange realignments	–	(28)	–	(28)
At 31 December 2024	475,416	1,182	705	477,303
<b>Reconciliation of carrying amount</b>				
– year ended 31 December 2025				
At 1 January 2025	475,416	1,182	705	477,303
Additions	–	4,465	–	4,465
Depreciation	(66,738)	(1,303)	(205)	(68,246)
Exchange realignments	–	20	–	20
At 31 December 2025	408,678	4,364	500	413,542
At 31 December 2024				
Cost	864,949	9,440	922	875,311
Accumulated depreciation and impairment	(389,533)	(8,258)	(217)	(398,008)
Net carrying amount	475,416	1,182	705	477,303
At 31 December 2025				
Cost	864,949	13,905	922	879,776
Accumulated depreciation and impairment	(456,271)	(9,541)	(422)	(466,234)
Net carrying amount	408,678	4,364	500	413,542

The total cash outflow for leases was approximately HK\$87,088,000 (2024: approximately HK\$84,121,000) for the year ended 31 December 2025.

Depreciation expenses of approximately HK\$66,738,000 (2024: HK\$81,846,000) and HK\$1,508,000 (2024: HK\$1,524,000) have been charged in cost of revenue and administrative expenses respectively.





## 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

### Right-of-use assets (continued)

For the years ended 31 December 2025 and 2024, the Group leases cold storage warehouse, offices premises, and motor vehicles for its operations. Lease contracts are entered into for fixed terms ranged from 2 to 7 years (2024: 2 to 13 years), but may have termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

#### Cold storage warehouse

On 27 December 2024, the Group and the landlord of the Cold Storage Warehouse (the “Landlord”) have reassessed the terms and conditions of the original lease agreement and (1) entered into a confirmation letter (the “Confirmation Letter”) with the Landlord in respect of the lease for 3 years from 15 February 2024 and (2) entered into an offer letter in respect of the lease for 5 years from 15 February 2027 (the “Offer Letter”) in respect of the lease of the Cold Storage Warehouse with renewed terms and conditions (collectively referred to as the “2024 Reassessment”). Subsequently, the Group entered into a supplementary agreement for the above renewed terms and conditions. In regard to the 2024 Reassessment, the Group has recognised right-of-use assets of approximately HK\$482,775,000 (approximately HK\$175,926,000 was recognised under the Confirmation Letter while approximately HK\$306,849,000 was recognised under the Offer Letter) and lease liabilities of approximately HK\$473,932,000 (approximately HK\$172,789,000 was recognised under the Confirmation Letter while approximately HK\$301,143,000 was recognised under the Offer Letter) as a result of the reassessment of the lease.

At 31 December 2025, the lease liabilities of the Group’s Cold Storage Warehouse were secured or guaranteed by the cash deposit and the corporate guarantee provided by the Company which are aggregately in approximately HK\$106,984,000 (2024: Same) and the floating charges and share charges provided by the subsidiaries of the Group.

#### Motor vehicles

During the year ended 31 December 2025, the Group had no new lease agreement for the use of motor vehicle (2024: entered into a new lease agreement for the use of one motor vehicle for 5 years). On the lease commencement, the Group recognised right-of-use assets of HK\$Nil (2024: HK\$349,000) and lease liabilities of HK\$Nil (2024: HK\$315,000).

At 31 December 2025, the carrying amount of motor vehicles of approximately HK\$500,000 (2024: approximately HK\$705,000) were pledged as the lessors’ charge over the leased assets to secure the lease liabilities of approximately HK\$484,000 (2024: approximately HK\$655,000). The lease liabilities were secured by the personal guarantee provided by a former director during the year ended 31 December 2025 (2024: guaranteed by a director). All other terms and conditions of the finance lease remain unchanged.

#### Termination option

Under the agreements for the Confirmation Letter and the Offer Letter, the Group has no termination option for its leases of the Cold Storage Warehouse, hence, there are no potential exposures to the future lease payments for termination options disclosed for the year ended 31 December 2025 and 2024.



## 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

### Lease liabilities

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	58,440	52,960
Within a period more than one year but not exceeding two years	62,535	56,390
Within a period more than two years but not exceeding five years	210,700	195,646
Over five years	91,920	167,456
	<b>423,595</b>	472,452
Less: Amount due for settlement within twelve months shown under current liabilities	<b>(58,440)</b>	(52,960)
Amount due for settlement over twelve months shown under non-current liabilities	<b>365,155</b>	419,492

The Group has recognised the following amounts regard to the Group's leases for the year:

	2025 HK\$'000	2024 HK\$'000
Interest expenses on lease liabilities	33,807	6,649
Depreciation of right-of-use assets	68,246	83,370
Expenses relating to short-term leases	21	68
	<b>102,074</b>	90,087

At 31 December 2025, the weighted average effective interest rate for the lease liabilities of the Group was 7.51% per annum (2024: 7.53%).

### Restrictions or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessors, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those properties in a good state of repair and return the properties in their original condition at the end of the leases.

### Commitment under leases

At 31 December 2025, the Group was committed to pay approximately HK\$Nil (2024: approximately HK\$6,000) for short-term leases.





## 17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Trade receivables from third parties</b>		<b>19,432</b>	30,627
Less: Loss allowance	33(a)(iii)	(161)	(637)
	(a)	<b>19,271</b>	29,990
<b>Other receivables</b>			
Other receivables		<b>18,830</b>	203
Less: Loss allowance	33(a)(iii)	(1,642)	–
	(b)	<b>17,188</b>	203
Rental deposits paid		<b>14,508</b>	12,829
Deposits and prepayments		<b>2,235</b>	2,412
		<b>33,931</b>	15,444
Sub-total		<b>53,202</b>	45,434
Less: Presented under non-current assets			
Rental deposits paid		<b>(14,191)</b>	(12,618)
Total presented under current assets		<b>39,011</b>	32,816

### (a) Trade receivables

The Group does not allow any credit period to its trade debtors except for certain customers who are allowed for credit period ranged from 30 to 60 days (2024: 30 to 60 days). At the end of the reporting period, the ageing analysis of the trade receivables (net of loss allowance) by invoice date are as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	<b>12,973</b>	13,142
31 to 60 days	<b>4,476</b>	8,069
61 to 90 days	<b>630</b>	3,352
91 to 120 days	<b>106</b>	1,269
More than 120 days	<b>1,086</b>	4,158
	<b>19,271</b>	29,990

## 17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

### (a) Trade receivables (continued)

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) by due date are as follows:

	2025 HK\$'000	2024 HK\$'000
Current	6,295	8,974
Past due:		
1 to 30 days	9,620	12,370
31 to 60 days	1,906	3,297
61 to 90 days	319	1,155
91 to 120 days	284	1,120
More than 120 days	847	3,074
	<b>12,976</b>	<b>21,016</b>
	<b>19,271</b>	<b>29,990</b>

At 31 December 2025, included in the carrying amounts of trade receivables are loss allowance of approximately HK\$161,000 (2024: approximately HK\$637,000). Details of impairment assessments of trade receivables are set out in Note 33(a)(iii).

### (b) Other receivables

At 31 December 2025, the Group completed the allotment and issue of aggregate 10,000,000 subscription shares at the subscription price of HK\$2.00 per subscription share. Subscription receivables amounting of HK\$18,000,000 were assessed loss allowance for ECL of HK\$1,642,000 (2024: HK\$Nil) was recognised for the year ended 31 December 2025. Details of impairment assessment of other receivables are set out in Note 33(a)(iii).

## 18 PLEDGED BANK DEPOSITS

At 31 December 2025, a bank provides the Group with banking facilities which represented guarantees provided in favour of the Group's Cold Storage Business to the extent of HK\$3,500,000 (2024: HK\$3,500,000) and are secured by bank deposits amounting to HK\$1,700,000 (2024: HK\$1,700,000). At 31 December 2025, the utilised banking facilities in this regard was HK\$1,410,000 (2024: HK\$1,410,000).

The pledged bank deposits were bearing a fixed interest rate of 0.25% (2024: 0.82%) per annum at 31 December 2025.

The Group performed impairment assessments on its pledged bank deposits and concluded that the probability of defaults from the bank was insignificant, hence, no loss allowance was provided.





## 19 INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Finished goods	528	578

## 20 BANK AND CASH BALANCES

Bank and cash balances comprise short-term bank deposits which carried at average prevailing market interest rates of approximately 0.15% (2024: approximately 0.12%) per annum.

The Group performed impairment assessments on bank balances and concluded that the probability of defaults of the banks were insignificant, hence, no loss allowance was provided.

## 21 TRADE AND OTHER PAYABLES

	Note	2025 HK\$'000	2024 HK\$'000
<b>Trade payables</b>	(a)	<b>3,003</b>	2,760
<b>Other payables</b>			
Accruals and other payables		5,870	3,253
Accrued staff costs		2,438	1,809
Bonds interest payables		2,290	2,341
Convertible bond interest payables		2,367	–
		<b>12,965</b>	7,403
		<b>15,968</b>	10,163

### (a) Trade payables

Except for certain trade creditors who allowed the Group with 30 days (2024: 30 days) credit period, no credit period is generally allowed by trade creditors and no interest is charged by trade creditors. At the end of the reporting period, the ageing analysis of the trade payables by invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	2,096	2,158
31 to 60 days	616	602
61 to 90 days	283	–
91 to 120 days	1	–
More than 120 days	7	–
	<b>3,003</b>	2,760



## 22 CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Cold storage and related services	5,136	5,200
Trading and sales of food and beverage	57	59
	<b>5,193</b>	<b>5,259</b>

At 31 December 2025 and 2024, the contract liabilities were expected to be settled within 12 months from the end of the reporting period. In accordance with HKFRS 15, as a practical expedient, the transaction price allocation to the unsatisfied contracts is not disclosed if the performance obligation is part of a contract that has an original expected duration of one year or less.

Contract liabilities mainly represent advance billings to customers for the provision of cold storage and related services but revenue has not been recognised as performance obligations have not yet been satisfied before the end of the reporting period. The Group normally request payments from customers for one month in advance in regard to the provision of cold storage and related services.

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

	2025 HK\$'000	2024 HK\$'000
At 1 January	5,259	7,366
Recognised as revenue	(5,259)	(7,366)
Receipt in advances	5,193	5,259
At 31 December	<b>5,193</b>	<b>5,259</b>

## 23 BANK BORROWING

	2025 HK\$'000	2024 HK\$'000
Fixed-rate secured bank borrowing	–	35,000
Carrying amounts of the bank borrowing and the maturity analysis based on the scheduled repayment date set out in the loan agreement was:		
Within one year	–	35,000

The Group has required to comply with certain restrictive non-financial covenants and undertaking requirements. The Directors reviewed all required covenant requirements of the Group and no breach of covenants noted for the year ended 31 December 2024.

The bank borrowing was secured by the corporate guarantee provided by the Company.

The bank borrowing was denominated in HK\$ with a fixed interest rate (which is also equal to contracted interest rate) of 5% per annum. In April 2025, the Group extended the maturity date of the bank borrowing to July 2025 at an interest rate of 13% per annum. The bank borrowing had been fully repaid on 22 July 2025.





## 24 DEFERRED TAXATION

### Unrecognised deferred tax assets

At the end of the reporting period, the Group has unused tax losses of approximately HK\$262,522,000 (2024: approximately HK\$215,819,000) available to offset against future profits, for which no deferred tax asset has been recognised due to the uncertainty of generating sufficient future taxable profits in the relevant tax jurisdictions.

At the end of the reporting period, the Group has other deductible temporary differences relating to property, plant and equipment and net of right-of-use assets and lease liabilities of approximately HK\$17,520,000 (2024: approximately HK\$3,167,000) in respect of which no deferred tax asset has been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group has the following tax losses arising in the PRC that can be offset against future taxable profits of the respective subsidiaries for a maximum of five years from the year in which the tax loss was incurred:

	2025 HK\$'000	2024 HK\$'000
<b>Year of expiry</b>		
2026	9,107	9,107
2027	9,795	9,795
2028	2,645	2,645
2029	3,265	3,265
	<b>24,812</b>	<b>24,812</b>

Except for the tax losses arising in the PRC, remaining tax losses are carried forward indefinitely.

## 25 BONDS PAYABLES

On 13 November 2014, the Company and the placing agent entered into the placing agreement, pursuant to which placing agent has agreed to, on a best effort basis, to procure independent places to subscribe in cash for the bonds (“Original Bonds”) in an aggregated principal amount of up to HK\$500,000,000. The aggregate principal amount of HK\$100,000,000 were issued in the years ended 31 December 2014 and 31 December 2015 with principal amount of HK\$40,000,000 and HK\$60,000,000, respectively.

## 25 BONDS PAYABLES (continued)

The principal terms of the Original Bonds are summarised as below:

Aggregate principal amount	:	Up to HK\$500,000,000
Denomination	:	In denomination of HK\$10,000,000 each in the minimum (or for any amount over HK\$10,000,000, in integral multiples of HK\$10,000,000 each).
Interest	:	6% per annum, accrued daily on a 360-day basis and payable annually in arrears, up to the maturity date of the relevant bonds.
Maturity date	:	The ninth anniversary of the date of issue of the relevant bonds.
Early redemption	:	The Company may at any time before the maturity date and from time to time by serving at least 60 days' prior written notice to the bondholder with the total amount proposed to be redeemed from the bondholder specified therein, redeem the bonds (in whole or in part) at 100% of the total amount of such bonds together with payment of interests accrued up to the date of such early redemption.

On 17 November 2023, 11 December 2023 and 28 December 2023, the Company agreed to issue the bonds (the "2023 Bonds") and four bondholders have agreed to accept the 2023 Bonds in place of the Original Bonds in the principal amount of HK\$40,000,000. The bondholders have agreed to instruct and authorise the placing agent to surrender the Original Bonds to the Company for cancellation. The monies payable by the bondholders to the Company for issuing the 2023 Bonds shall be set off against the principal amounts of the Original Bonds on a dollar-to-dollar basis.

On 15 January 2024, 5 February 2024, 12 March 2024, 21 May 2024 and 28 May 2024, the Company agreed to issue the bonds (the "2024 Bonds") and six bondholders have agreed to accept the 2024 Bonds in place of the Original Bonds in the principal amount of HK\$60,000,000. The bondholders have agreed to instruct and authorise the placing agent to surrender the Original Bonds to the Company for cancellation. The monies payable by the bondholders to the Company for issuing the 2024 Bonds shall be set off against the principal amounts of the Original Bonds on a dollar-to-dollar basis.





## 25 BONDS PAYABLES (continued)

The principal terms of the 2023 Bonds and the 2024 Bonds are summarised below:

Principal amount	:	HK\$10,000,000 for each bond issued.
Denomination	:	In denomination of HK\$10,000,000 each in the minimum.
Interest	:	6% per annum, accrued daily on a 360-day basis and payable annually in arrears, up to the maturity date of the relevant bonds.
Maturity date	:	From six months to the first anniversary of the date of issue of the relevant bonds (maturity date of certain the 2023 Bonds and the 2024 Bonds can be further extended once the Company and the respective bondholders mutually agreed).
Early redemption	:	The Company may not early redeem the bonds before the maturity date, unless agreed with the bondholders.

During the year ended 31 December 2025, certain of the 2023 Bonds and 2024 Bonds with total principal amount of HK\$35,000,000 and HK\$50,000,000, respectively, were matured and the Company has settled in the principal amount of HK\$15,000,000 and HK\$2,500,000, respectively. For the remaining of HK\$20,000,000 of the 2023 Bonds, the Company has obtained consent in writing from the bondholders to extend the maturity date of that bonds for 4 to 6 months. In addition, for the remaining of HK\$47,500,000 of the 2024 Bonds, the Company has obtained consent in writing from the bondholders to extend the maturity date of that bonds for 6 to 18 months.

Bonds payables with principal amount of HK\$67,500,000 (2024: HK\$75,000,000) will mature within twelve months from the end of the reporting period and was classified as current liabilities; and no bonds payable (2024: with principal amount of HK\$10,000,000) will mature over one year from the end of the reporting period and was classified as non-currents liabilities.

At the end of the reporting period, interest in bonds payables at par value of HK\$67,500,000 (2024: HK\$85,000,000) is payable annually and the principal is repayable in full upon maturity.

## 26 CONVERTIBLE BONDS

On 21 July 2025, the Company issued convertible bonds with an aggregate principal amount of HK\$45,000,000 with a coupon interest rate of 6% per annum (“2028 Convertible Bonds”). The maturity date of the 2028 Convertible Bonds are 21 July 2028 (“2028 Convertible Bonds Maturity Date”) which is 3 years from the date of issue of the 2028 Convertible Bonds. The 2028 Convertible Bonds are convertible into 93,730,473 shares (as adjusted by Share Consolidation) shares at any time after the issuance and up to business days prior to the 2028 Convertible Bonds Maturity Date at the conversion price of HK\$0.4801 (as adjusted by Share Consolidation) each share, subject to anti-dilutive adjustments.

The issue of the 2028 Convertible Bonds was split between a liability component and an equity component in its initial recognition as follows: (i) liability component was initially measured at fair value amounted to approximately HK\$38,728,000 which represents the present value of the contractually determined stream of future cash flows discounted at the market interest rate applicable to comparable non-convertible bonds. It is subsequently measured at amortised cost by applying an effective interest rate of 14.73% per annum; and (ii) equity component, which was equal to the difference between the principal and the fair value of the liability component, amounted to HK\$6,272,000 was presented in equity as convertible bonds reserve.

Transaction costs that related to the issue of the convertible bonds are allocated to the liability and equity in proportion to their relative values. Transaction cost amounting to approximately HK\$443,000 relating to equity was charged to convertible bonds reserve. Transaction costs amounting to approximately HK\$2,737,000 relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

The fair values of the 2028 Convertible Bonds were determined by the management with reference to a valuation report carried out by an independent valuer.

The movements of the liability and equity component of the 2028 Convertible Bonds for the year are set out below:

	<b>Liability component</b> HK\$'000 (Note a)	<b>Equity component</b> HK\$'000	<b>Total</b> HK\$'000
Issued during the year	38,728	6,272	45,000
Issuance costs	(2,737)	(443)	(3,180)
At 31 December 2025	35,991	5,829	41,820

Note a:

Interest expense amounting to approximately HK\$2,367,000 was recognised for the year ended 31 December 2025.





## 27 EMPLOYEE BENEFIT OBLIGATIONS

	2025 HK\$'000	2024 HK\$'000
Long service payments liabilities	2,689	3,333

### Long service payments liabilities

#### *Define contribution scheme*

The Group operates a MPF scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Scheme Ordinance (the “MPF Ordinance”) in December 2000 for all qualifying employees including Directors in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of the independent trustee. Contributions to the MPF Scheme are in accordance with the statutory limits prescribed by the MPF Ordinance. Both employees’ and the Group’s contributions are calculated at 5% of the employee’s monthly relevant income with the mandatory cap. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit schemes. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Where there are employees who leave the state-managed retirement benefit schemes prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group.

#### *LSP obligation*

For the Group’s subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment)  $\times 2/3 \times$  years of services

Last monthly wages are capped at HK\$22,500 while the amount of LSP shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

The MPF Ordinance passed in 1995 permits the Group to utilise the Group’s mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the “Offsetting Arrangement”).

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

The Group has no other material obligation for payment of retirement benefits beyond the contributions as described above.



## 27 EMPLOYEE BENEFIT OBLIGATIONS (continued)

### Long service payments liabilities (continued)

#### LSP obligation (continued)

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has an impact on the Group's LSP liability with respect to employees that participate in MPF Scheme and the Group has accounted for the offsetting mechanism and its abolition as disclosed in Note 3.

The present value of unfunded LSP obligations and its movements are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	3,333	3,779
Expenses recognised in profit or loss:		
Current service costs	206	212
Interest expenses	100	100
	<b>306</b>	312
Remeasurements recognised in other comprehensive (losses)/income:		
Actuarial gains arising from changes in demographic assumptions	–	(1)
Actuarial losses/(gains) arising from changes in financial assumptions	94	(104)
Actuarial (gains)/losses arising from changes in experience adjustments	(377)	125
	<b>(283)</b>	20
Benefits paid directly by employer	<b>(667)</b>	(778)
At 31 December	<b>2,689</b>	3,333

The weighted average duration of the LSP obligation at 31 December 2025 is 9.1 years (2024: 7.6 years).

Cost of revenue of approximately HK\$156,000 (2024: approximately HK\$167,000), selling and distribution expenses approximately HK\$9,000 (2024: approximately HK\$2,000) and administrative expenses approximately HK\$41,000 (2024: approximately HK\$43,000) have been recognised in profit or loss for the year ended 31 December 2025, respectively.





## 27 EMPLOYEE BENEFIT OBLIGATIONS (continued)

### Long service payments liabilities (continued)

#### LSP obligation (continued)

A portion of the above liabilities is expected to be settled after more than one year. However, it is not practical to segregate the amount from the amounts payable in the next twelve months, as the retirement benefit payable will also depend on staff turnover and future changes in actuarial assumptions.

The significant actuarial assumptions adopted were as follows:

	2025	2024
Discount rate	<b>3.10%</b>	3.50%
Expected rate salary increase	<b>3.00%</b>	3.00%
Expected investment return on offsetable MPF accrued benefits	<b>4.00%</b>	4.00%

The sensitivity of the LSP obligation to reasonable possible changes for each significant actuarial assumption at the reporting period is as follows:

	2025		2024	
	Change in assumption (approximately)	Changed in employee benefit obligations (approximately)	Change in assumption (approximately)	Changed in employee benefit obligations (approximately)
Discount rate	Increase/ Decrease 0.25%	Decrease/ Increase 2.3%	Increase/ Decrease 0.25%	Decrease/ Increase 1.9%
Expected rate salary increased	Increase/ Decrease 0.25%	Increase/ Decrease 0.1%	Increase/ Decrease 0.25%	Increase/ Decrease 0.1%
Expected investment return on offsetable MPF accrued benefits	Increase/ Decrease 0.25%	Decrease/ Increase 0.3%	Increase/ Decrease 0.25%	Decrease/ Increase 0.9%

The above sensitivity analyses are prepared based on a reasonable possible change in each actuarial assumption adopted, with other assumptions held constant. Other actuarial assumptions may also change with the above assumptions. Such change is not accounted for in the above analyses. The projected unit credit method is used to determine the present value of the LSP obligations and the related current service costs and where applicable the past service costs. The same method and the type of actuarial assumptions were adopted in preparing the sensitivity analyses for the years ended 31 December 2025 and 2024.



## 28 SHARE CAPITAL

	Number of shares '000	HK\$'000
<b>Authorised:</b>		
At 1 January 2024, 31 December 2024 and 1 January 2025, ordinary shares of HK\$0.01 each	60,000,000	600,000
Share Consolidation (Note a)	(54,000,000)	–
<b>At 31 December 2025</b> , ordinary shares of HK\$0.10 each	<b>6,000,000</b>	<b>600,000</b>
<b>Issued and fully paid</b>		
At 1 January 2024, 31 December 2024 and 1 January 2025, ordinary shares of HK\$0.01 each	290,110	2,901
Share Consolidation (Note a)	(261,099)	–
At 16 July 2025	29,011	2,901
Issuance of shares (Note b)	5,802	580
Issuance of shares (Note c)	10,000	1,000
<b>At 31 December 2025</b> , ordinary shares of HK\$0.10 each	<b>44,813</b>	<b>4,481</b>

Note a:

Pursuant to an ordinary resolution of the Company on 14 July 2025, every ten issued and unissued existing shares of par value of HK\$0.01 each in share capital of the Company were consolidated into one consolidated share of par value of HK\$0.10 each (the “Share Consolidation”) and effective on 16 July 2025.

Note b:

On 20 April 2025, the Company entered into subscription agreements with three subscribers. An aggregate of 5,802,207 (as adjusted by Share Consolidation) new shares at the subscription price of HK\$0.4801 (as adjusted by Share Consolidation) were issued on 21 July 2025 and 22 July 2025 for repayment of indebtedness of the Group and fund working capital of the Group. The premium on the issue of shares of approximately HK\$1,993,000 was credited to the Company’s share premium account.

Note c:

On 31 October 2025, the Company entered into the subscription agreements with three subscribers. An aggregate of 10,000,000 new shares at a subscription price of HK\$ 2.00 were issued on 31 December 2025 and allocated by way of consideration issue for repaying debts of the Group and general working capital of the Group. The premium on the issue of shares of approximately HK\$18,915,000 was credited to the Company’s share premium account.





## 29 RESERVES

### (a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

### (b) Capital reserve

The capital reserve represents:

- (i) on 24 November 2009, every five issued and unissued existing shares of HK\$0.01 each in share capital of the Company was consolidated into one consolidated share of HK\$0.05 (the "2009 Share Consolidation"). After the completion of the 2009 Share Consolidation, the par value of each issued consolidated share is reduced from HK\$0.05 to HK\$0.01 by cancelling the paid up capital to the extent of HK\$0.04 on each issued consolidated share (the "2009 Capital Reduction"). The credit arising in the accounts of the Company from the 2009 Capital Reduction was credited to capital reserve account of the Company on 18 December 2009; and
- (ii) on 24 March 2022, every ten issued existing shares of HK\$0.01 each in share capital of the Company were consolidated into one consolidated share of HK\$0.10 (the "2022 Share Consolidation"). After the completion of the 2022 Share Consolidation, the par value of each issued consolidated share is reduced from HK\$0.10 to HK\$0.01 by cancelling the paid up capital to the extent of HK\$0.09 on each issued consolidated share (the "2022 Capital Reduction"). The credit arising in the accounts of the Company from the 2022 Capital Reduction was credited to capital reserve account of the Company on the same date.

### (c) Exchange reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries. The reserve is dealt with in accordance with the accounting policies as set out in Note 3.

### (d) Convertible bonds reserve

The convertible bonds reserve comprises the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in Note 3.20.

### (e) Dividend

The Directors do not recommend the payment of a dividend for the years ended 31 December 2025 and 2024.



## 30 SHARE OPTION SCHEME

### 2025 Scheme

At the annual general meeting of the Company held on 29 May 2025, an ordinary resolution was approved by the shareholders for the adoption of a new share option scheme (the “2025 Scheme”) and is effective for a period of 10 years commencing on the adoption date of 30 May 2025.

The 2015 Scheme (as defined below) was terminated upon the adoption of the 2025 Scheme. Apart from the 2025 Scheme, the Group has no other share schemes as at the end of reporting period.

Share option was granted under the 2025 Scheme on 31 December 2025.

The terms of the 2025 Scheme were aligned with the requirements of the amended Chapter 17 of the Listing Rules, which had taken effect on 1 January 2023. For the details of the principal terms of the 2025 Scheme was set out in the circular of the Company dated 25 April 2025.

Summary of the 2025 Scheme are set out below:

**(a) Purpose**

The purpose of the 2025 Scheme is to provide incentives and rewards to the eligible participants who, in the sole discretion of the Board of Directors, has contributed or may contribute to the growth and development of the Group in recognition of their contribution to the Group.

**(b) Eligible participants**

Eligible participants include (a) the employee participant(s); and (b) the service provider(s), provided that the Board of Directors may have absolute discretion to determine whether or not one falls within the above category.

**(c) Maximum number of shares available for issue**

- (1) Total number of shares available for issue under the 2025 Scheme as at the end of reporting period was 2,901,104 shares; and
- (2) Percentage of the issued share capital that it represents as at the end of reporting period was 6.47%.

**(d) Maximum entitlement of each eligible participant**

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to:

- (1) Each eligible participant must not exceed 1.0% of the total number of shares in issue;
- (2) If granting options to an independent non-executive Director, a substantial Shareholder, or any of their respective associates would cause shares from all options and awards granted to them in the 12-month period up to the grant date (excluding lapsed ones) to exceed 0.1% of total issued shares, it requires shareholder approval in a general meeting; and
- (3) Within the overall limit, shares issuable to service providers must not exceed 1% of the issued share capital as of the adoption date.





## 30 SHARE OPTION SCHEME (continued)

### 2025 Scheme (continued)

#### (e) Option period

An option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the particular option but subject to the provisions for early termination of the 2025 Scheme.

#### (f) Vesting schedule for an option

An option must be held by the grantee for at least twelve months vesting period before the option can be exercised.

#### (g) Acceptance of offer

- (1) Amount payable on application or acceptance of the option:  
A nominal consideration of HK\$1 is payable by the grantee upon acceptance of an option;
- (2) The period within which payments or calls must or may be made:  
21 days inclusive of, from the offer date of an option (the "Offer Date"); and
- (3) The period within which loans for the purposes of the payments or calls must be repaid:  
Not applicable.

#### (h) Exercise price

The exercise price for shares under the 2025 Scheme shall be determined by the Board of Directors at its absolute discretion but in any event will not be less than the highest of:

- (1) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on Offer Date, which must be a business day;
- (2) the average of the closing prices of the shares on the Stock Exchange as shown in the daily quotations sheets of the Stock Exchange for the 5 consecutive business days immediately preceding the Offer Date; and
- (3) the nominal value of the shares on the Offer Date.

#### (i) The remaining life of the 2025 Scheme

Approximately 10 years (expiring on 29 May 2035).



## 30 SHARE OPTION SCHEME (continued)

### 2025 Scheme (continued)

#### (j) Outstanding options under the 2025 Scheme

At 31 December 2025

Grantees	Note	Date of Grant	Exercise price per share HK\$	Closing price immediately before the date of grant HK\$	Exercise period	Number of share options					
						Outstanding at 1 January 2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2025
<b>Category 1:</b>											
<b>Director</b>											
He Xinyu	1, 2	31 December 2025	2.00	1.86	31 December 2026 to 30 December 2035	-	322,344	-	-	-	322,344
<b>Category 3:</b>											
<b>Employees</b>											
Other employee participants	1, 2	31 December 2025	2.00	1.86	31 December 2026 to 30 December 2035	-	2,578,760	-	-	-	2,578,760
						-	2,901,104	-	-	-	2,901,104

Note:

- The vesting period of the options was from the date of grant till commencement of its exercise period, which would be from 31 December 2025 to 30 December 2026. There is no performance targets relating to the performance of the Group under the share option scheme. The option period during which the options may be exercised is the period from 31 December 2026 to 30 December 2035 (subject to the provisions for early termination of the 2025 Scheme and the achievement of performance target to be determined from time to time at the absolute discretion of the Board of Directors). The date of grant was 31 December 2025. The weighted average closing price of the shares immediately before the vesting was approximately HK\$1.86 per share.
- There is no performance target or clawback mechanism attached to the options granted.

The options are subject to the terms of the 2025 Scheme which provides for circumstances under which the option shall lapse in the event that the grantees cease to be eligible participants of the Company or commit a breach of the scheme rules under the 2025 Scheme. Notwithstanding the absence of the performance target and clawback mechanism, the nomination committee and remuneration committee of the Company consider that the grant of the options could incentivise the grantees to strive for the future development of the Company, which is in line with the purpose of the 2025 Scheme.

#### (k) 2025 Scheme Limit, refreshment of 2025 Scheme Limit and maximum number of shares which may be issued

Upon the adoption of the 2025 Scheme on 30 May 2025, a total of 29,011,040 shares which equivalent to 2,901,104 shares upon Share Consolidation on 16 July 2025 may be granted under the 2025 Scheme, representing 6.47% of the issued share capital (the “2025 Scheme Limit”) as at the end of reporting period, unless otherwise permitted by the Listing Rules and the Company obtaining the approval of its shareholders to refresh the 2025 Scheme Limit. The Company may seek the approval of its shareholders in general meeting to refresh the 2025 Scheme Limit such that the total number of shares which may be issued upon exercise of all options that may be granted under the 2025 Scheme and any other option scheme involving the issue or grant of options over shares or other securities by the Company under the limit as refreshed shall not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshed limit.





## 30 SHARE OPTION SCHEME (continued)

### 2025 Scheme (continued)

#### (k) 2025 Scheme Limit, refreshment of 2025 Scheme Limit and maximum number of shares which may be issued (continued)

The Company may seek the approval of its shareholders in general meeting to grant options which will result in the number of shares in respect of all the options granted under the 2025 Scheme and all the options granted under any other option scheme exceeding 10% of the issued share capital of the Company, provided that such options are granted only to participants specifically identified by the Company before the approval of shareholders is sought.

2,901,104 shares that may be issued in respect of options granted under 2025 Scheme during the year ended 31 December 2025 divided by the weighted average number of shares of the relevant class in issue of 44,813,000 shares for the year is 6.47%.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2025 Scheme and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued share capital of the Company from time to time.

#### (l) Fair value of options

The fair value of outstanding share options granted on 31 December 2025 are calculated using the Binomial Option Pricing Model, with the following key inputs:

	Date of grant 31 December 2025
Fair value – Category 1	HK\$1.22
– Category 3	HK\$0.99
Share price immediately before the grant date	HK\$1.82
Share price at grant date	HK\$1.90
Exercise price	HK\$2.00
Expected volatility	80.12%
Risk-free interest rate	3.19%
Expected dividends	Nil

The expected volatility was determined using the historical volatility of the Company's share prices. The values of above share options vary with different variables of certain subjective assumptions in regard to the limitation of calculation model applied.

### 2015 Scheme

The Company adopted a share option scheme (the "2015 Scheme") on 2 June 2015, under which the Board of Directors may, at its discretion, grant share options to any eligible participant to subscribe for ordinary shares of the Company subject to the terms and conditions stipulated therein.

The 2015 Scheme was terminated and replaced by the 2025 Scheme on 30 May 2025. No share option was granted under the 2015 Scheme from 1 January 2025 to its termination date.

Share options granted during the life of the 2015 Scheme and remain unexpired prior to the termination of the 2015 Scheme continue to be exercisable in accordance with their terms of issue after the termination of the 2015 Scheme.



## 30 SHARE OPTION SCHEME (continued)

### 2015 Scheme (continued)

The scheme mandate limit of the 2015 Scheme was refreshed at the annual general meeting of the Company held on 27 May 2021. There was no share option exercised, cancelled under the share option scheme during the year ended 31 December 2025. As disclosed in the retirement of Directors of the Company, pursuant to the share option scheme, the share options that are not accepted under the mandatory unconditional cash offers (to the extent not exercised) would automatically lapse on the date of close of the mandatory unconditional cash offers (i.e. 30 May 2025). In light of the above, the 1,740,660 outstanding share options granted under the share option scheme have lapsed during the year ended 31 December 2025. At 31 December 2025, there are outstanding 580,220 (2024: 23,208,832 (equivalent to 2,320,880 shares following Share Consolidation on 16 July 2025)) share options, entitling the holders thereof to convert into an aggregate of 580,220 (2024: 23,208,832 (equivalent to 2,320,880 shares following Share Consolidation on 16 July 2025)) shares at the time upon exercise of the share options. All the 580,220 (2024: 23,208,832 (equivalent to 2,320,880 shares following Share Consolidation on 16 July 2025)) share options are granted under the 2015 Scheme, details of which were disclosed in paragraph (j) below. There are no other share options granted under the 2015 Scheme.

Summary of the 2015 Scheme are set out below:

**(a) Purpose**

The purpose of the 2015 Scheme is to provide incentives and rewards to the eligible participants who, in the sole discretion of the Board of Directors, has contributed or may contribute to the growth and development of the Group in recognition of their contribution to the Group.

**(b) Eligible participants**

Eligible participants include any full time or part time employees of the Group or any invested entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary or any invested entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensees) or distributors, landlords or tenants (including any sub-tenants) of the Group or any invested entity or any person who, in the sole discretion of the Board of Directors, has contributed or may contribute to the growth and development of the Group eligible for options under the 2015 Scheme.

**(c) Maximum number of shares available for issue**

- (1) Total number of shares available for issue under the 2015 Scheme as at the end of reporting period: 580,220 (2024: 17,406,624); and
- (2) Percentage of the issued share capital that it represents as at the end of reporting period: 1.29% (2024: 6%).

**(d) Maximum entitlement of each eligible participant**

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-months period to:

- (1) each eligible participant must not exceed 1.0% of the total number of shares in issue; and
- (2) a substantial shareholder of the Company or an independent non-executive director must not in aggregate exceed 0.1% of the total number of shares in issue and not exceed HK\$5 million in aggregate value.





## 30 SHARE OPTION SCHEME (continued)

### 2015 Scheme (continued)

#### (e) Option period

An option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the particular option but subject to the provisions for early termination of the 2015 Scheme.

#### (f) Vesting schedule for an option

Vesting period (as the case may be) may specify by the Board of Directors at the time of grant. Unless the options have been withdrawn and cancelled or been forfeited in whole or in part, the grantee may exercise his rights according to the vesting schedule set out in the relevant grant letter. The option must be exercised no more than 10 years from the grant date.

No specified minimum period for which an option must be held, unless otherwise specified by the Board of Directors at the time of grant.

#### (g) Acceptance of offer

- (1) Amount payable on application or acceptance of the option:  
A non-refundable nominal consideration of HK\$1 is payable by the grantee upon acceptance of an option;
- (2) The period within which payments or calls must or may be made:  
21 days inclusive of, from the offer date of an option (the "Offer Date"); and
- (3) The period within which loans for the purposes of the payments or calls must be repaid:  
Not applicable.

#### (h) Exercise price

The exercise price for shares under the 2015 Scheme shall be determined by the Board of Directors at its absolute discretion but in any event will not be less than the highest of:

- (1) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on Offer Date, which must be a business day;
- (2) the average of the closing prices of the shares on the Stock Exchange as shown in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the Offer Date; and
- (3) the nominal value of the shares on the Offer Date.

#### (i) The remaining life of the 2015 Scheme

The 2015 Scheme have life of 10 years commenced on 2 June 2015 and was terminated on 30 May 2025.



## 30 SHARE OPTION SCHEME (continued)

### 2015 Scheme (continued)

#### (j) Outstanding Options under the 2015 Scheme At 31 December 2025

Grantees	Notes	Date of grant	Exercise price per share HK\$	Closing price immediately before the date of grant HK\$	Exercise period	Number of share options					
						Outstanding at 1 January 2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2025
<b>Category 1:</b>											
<b>Directors</b>											
Fung Pak Kei	1,3,4,5	30 April 2021	3.9	3.7	1 January 2022 to 29 April 2031	290,110	-	-	-	(290,110)	-
	2,3,5	4 May 2022	1.92	1.88	1 January 2023 to 3 May 2032	290,110	-	-	-	(290,110)	-
Ho Hon Chung, Ivan	1,3,4,5	30 April 2021	3.9	3.7	1 January 2022 to 29 April 2031	290,110	-	-	-	(290,110)	-
	2,3,5	4 May 2022	1.92	1.88	1 January 2023 to 3 May 2032	290,110	-	-	-	(290,110)	-
<b>Subtotal</b>						<b>1,160,440</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,160,440)</b>	<b>-</b>
<b>Category 2:</b>											
<b>Employees</b>											
Five highest paid individuals during 2021 (excluding Directors) – In aggregate	1,3,4,5	30 April 2021	3.9	3.7	1 January 2022 to 29 April 2031	580,220	-	-	-	(290,110)	290,110
Five highest paid individuals during 2022 (excluding Directors) – In aggregate	2,3,5	4 May 2022	1.92	1.88	1 January 2023 to 3 May 2032	580,220	-	-	-	(290,110)	290,110
<b>Subtotal</b>						<b>1,160,440</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(580,220)</b>	<b>580,220</b>
<b>Total:</b>						<b>2,320,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,740,660)</b>	<b>580,220</b>





## 30 SHARE OPTION SCHEME (continued)

### 2015 Scheme (continued)

#### (j) Outstanding Options under the 2015 Scheme (continued)

At 31 December 2024

Grantees	Notes	Date of grant	Exercise price per share HK\$	Closing price immediately before the date of grant HK\$	Exercise period	Number of share options					Outstanding at 31 December 2024	
						Outstanding at 1 January 2024	Share Consolidation	Granted during the year	Exercised during the year	Cancelled during the year		Lapsed during the year
<b>Category 1:</b>												
<b>Directors</b>												
Fung Pak Kei	1,3,4,5	30 April 2021	3.9	3.7	1 January 2022 to 29 April 2031	2,901,104	(2,610,994)	-	-	-	-	290,110
	2,3,5	4 May 2022	1.92	1.88	1 January 2023 to 3 May 2032	2,901,104	(2,610,994)	-	-	-	-	290,110
Ho Hon Chung, Ivan	1,3,4,5	30 April 2021	3.9	3.7	1 January 2022 to 29 April 2031	2,901,104	(2,610,994)	-	-	-	-	290,110
	2,3,5	4 May 2022	1.92	1.88	1 January 2023 to 3 May 2032	2,901,104	(2,610,994)	-	-	-	-	290,110
<b>Subtotal</b>						<b>11,604,416</b>	<b>(10,443,976)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,160,440</b>
<b>Category 2:</b>												
<b>Employees</b>												
Five highest paid individuals during 2021 (excluding Directors) – In aggregate	1,3,4,5	30 April 2021	3.9	3.7	1 January 2022 to 29 April 2031	5,802,208	(5,221,988)	-	-	-	-	580,220
Five highest paid individuals during 2022 (excluding Directors) – In aggregate	2,3,5	4 May 2022	1.92	1.88	1 January 2023 to 3 May 2032	5,802,208	(5,221,988)	-	-	-	-	580,220
<b>Subtotal</b>						<b>11,604,416</b>	<b>(10,443,976)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,160,440</b>
<b>Total:</b>						<b>23,208,832</b>	<b>(20,887,952)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,320,880</b>



## 30 SHARE OPTION SCHEME (continued)

### 2015 Scheme (continued)

#### (j) Outstanding Options under the 2015 Scheme (continued)

Notes:

- The vesting period of the options was from the date of grant till commencement of its exercise period, which would be from 30 April 2021 to 31 December 2021. The performance targets relate to the performance of the Group and the performance targets have been achieved. The option period during which the options may be exercised is the period from 1 January 2022 to 29 April 2031 (subject to the provisions for early termination of the 2015 Scheme and the achievement of performance target to be determined from time to time at the absolute discretion of the Board of Directors). The date of grant was 30 April 2021. The weighted average closing price of the shares immediately before the vesting was approximately HK\$3.70 per share following Share Consolidation (as defined in Note 28a) on 16 July 2025.
- The vesting period of the options was from the date of grant till commencement of its exercise period, which would be from 4 May 2022 to 31 December 2022. The performance targets relate to the performance of the Group and the performance targets have been achieved. The option period during which the options may be exercised is the period from 1 January 2023 to 3 May 2032 (subject to the provisions for early termination of the 2015 Scheme and the achievement of performance target to be determined from time to time at the absolute discretion of the Board of Directors). The date of grant was 4 May 2022. The weighted average closing price of the shares immediately before the vesting was approximately HK\$1.79 per share following Share Consolidation (as defined in Note 28a) on 16 July 2025.
- All grantees shown in this table are employees of the Group working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).
- The adjustments in relation to the outstanding share options have been made upon the 2022 Capital Reorganisation on the exercise price and the closing price immediately before the date of grant.
- Pursuant the terms of share option scheme, the adjustments in relation to the outstanding share options to be made upon Share Consolidation (as defined in Note 28a) became effective on 16 July 2025, the adjusted exercise price, closing price and number of outstanding share options as follow:

Date of grant	Exercise period	Exercise price per consolidated share	Closing price immediately before the date of grant	Number of consolidated shares to be issued upon full exercise of the outstanding share options
30 April 2021	1 January 2022 to 29 April 2031	HK\$3.90	HK\$3.70	1,160,440
4 May 2022	1 January 2023 to 3 May 2032	HK\$1.92	HK\$1.88	1,160,440

#### (k) Scheme Limit, refreshment of Scheme Limit and maximum number of shares which may be issued

A total of 580,220 shares (2024: a total of 17,406,624) shares may be granted under the 2015 Scheme, representing 1.29% (2024: 6%) of the issued share capital (the “2015 Scheme Limit”) as at the end of reporting period, unless otherwise permitted by the Listing Rules and the Company obtaining the approval of its shareholders to refresh the 2015 Scheme Limit.





## 30 SHARE OPTION SCHEME (continued)

### 2015 Scheme (continued)

#### (k) Scheme Limit, refreshment of Scheme Limit and maximum number of shares which may be issued (continued)

No share option was granted under the 2015 Scheme from 1 January 2025 to its expiration date.

580,220 shares (2024: 23,208,832 (equivalent to 2,320,880 shares following Share Consolidation on 16 July 2025)) that may be issued in respect of options granted under 2015 Scheme during the year ended 31 December 2025 divided by the weighted average number of shares of the relevant class in issue of 31,635,000 shares (2024: 290,110,400 shares) for the year is 1.83% (2024: 8%).

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Scheme and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued share capital of the Company from time to time.

#### (l) Fair value of options

The fair value of outstanding share options granted on 4 May 2022 and 30 April 2021 are calculated using the Binomial Option Pricing Model, with the following key inputs:

	Date of grant	
	4 May 2022	30 April 2021
Fair value – Category 1	HK\$0.12	HK\$0.24*
– Category 2	HK\$0.11	HK\$0.21*
Share price immediately before the grant date	HK\$0.188	HK\$0.37*
Share price at grant date	HK\$0.188	HK\$0.39*
Exercise price	HK\$0.192	HK\$0.39*
Expected volatility	72.33%	71.63%
Risk-free interest rate	3.08%	1.42%
Expected dividends	Nil	Nil

\* The adjustments in relation to the outstanding share options have been made upon the 2022 Capital Reorganisation on the exercise price and other key inputs.

The expected volatility was determined using the historical volatility of the Company's share prices. The values of above share options vary with different variables of certain subjective assumptions in regard to the limitation of calculation model applied.

During the years ended 31 December 2025 and 2024, there is no share option granted.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 RECONCILIATION OF AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

Details of the changes in the Group's liabilities from financing activities are as follows:

	Bank borrowing HK\$'000	Lease liabilities HK\$'000	Bonds payables HK\$'000	Bonds interest payables HK\$'000	Convertible bonds HK\$'000	Total HK\$'000
At 1 January 2024	35,000	74,872	100,000	2,992	–	212,864
Financing cash flows:						
Interest paid	(1,726)	(6,649)	–	(6,375)	–	(14,750)
Repayment of lease liabilities	–	(77,404)	–	–	–	(77,404)
Repayment of bonds payables	–	–	(15,000)	–	–	(15,000)
Non-cash transactions:						
Interest expenses	1,726	6,649	–	5,724	–	14,099
New lease entered/ lease reassessment	–	475,012	–	–	–	475,012
Cancellation of the bonds	–	–	(95,000)	–	–	(95,000)
Issuance/renewal of the bonds	–	–	95,000	–	–	95,000
Exchange realignments	–	(28)	–	–	–	(28)
At 31 December 2024 and at 1 January 2025	<b>35,000</b>	<b>472,452</b>	<b>85,000</b>	<b>2,341</b>	–	<b>594,793</b>
Financing cash flows:						
Interest paid	(1,697)	(33,807)	–	(4,619)	–	(40,123)
Repayment of lease liabilities	–	(53,260)	–	–	–	(53,260)
Repayment of bonds payables	–	–	(17,500)	–	–	(17,500)
Repayment of bank borrowing	(35,000)	–	–	–	–	(35,000)
Issuance of the convertible bonds	–	–	–	–	45,000	45,000
Issuance costs paid	–	–	–	–	(3,180)	(3,180)
Non-cash transactions:						
Equity component of convertible bonds	–	–	–	–	(5,829)	(5,829)
Interest expenses	1,697	33,807	–	4,568	–	40,072
New lease entered	–	4,382	–	–	–	4,382
Exchange realignments	–	21	–	–	–	21
At 31 December 2025	–	423,595	67,500	2,290	35,991	529,376





## 32 RELATED PARTY TRANSACTIONS

During the years ended 31 December 2025 and 2024, the Group entered into the following transactions with related parties:

- (1) A company controlled by a close family member of Mr. Fung Pak Kei (a former executive director of the Company) made sales of goods to the Group amounted to approximately HK\$51,000 during the year ended 31 December 2024.

Except for the above disclosed, the Group did not enter into other transactions with its related parties during the years ended 31 December 2025 and 2024.

Balances with related parties and the terms thereof are disclosed in the respective notes to these consolidated financial statements.

Details of the remuneration for key management personnel are set out in Note 9(c). The remuneration of the Directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 33 FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's principal financial instruments comprise of rental deposits paid, pledged bank deposits, bank and cash balances, contract liabilities, employee benefit obligations, bank borrowing, bonds payables and convertible bonds. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are (i) interest rate risk, (ii) liquidity risk and (iii) credit risk. The Directors meet regularly and co-operate closely with key management to identify and evaluate risks and generally adopt conservative strategies on risk management and limit the Group's exposure to these risks to a minimum as follows:

#### (i) Interest rate risk

The Group's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets including pledged bank deposits and bank balances and interest-bearing financial liabilities including fixed-rate bank borrowing (Note 23), employee benefit obligations (Note 27), bonds payables (Note 25), lease liabilities (Note 16) and convertible bonds (Note 26).

Since the interest rate risk is not significant with the major balances are carried at fixed interest rates, no sensitivity analysis is presented accordingly.

## 33 FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

#### (ii) Liquidity risk

Management of the Group aims at maintaining sufficient level of bank and cash balances to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment. The Group finances its working capital requirements mainly by the funds generated from operations and inception of interest-bearing borrowings (if any).

The Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

	Weighted average effective interest rate %	On demand or within 6 months HK\$'000	6 to 12 months HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
<b>At 31 December 2025</b>								
Trade and other payables	N/A	8,760	–	–	–	–	8,760	8,760
Lease liabilities	7.51	44,252	44,057	95,037	264,000	103,295	550,641	423,595
Bonds payables and bonds interest payables	6.00	40,804	30,717	–	–	–	71,521	69,790
Convertible bonds and interest payables	14.73	–	–	–	45,000	–	45,000	38,358
		93,816	74,774	95,037	309,000	103,295	675,922	540,503
<b>At 31 December 2024</b>								
Trade and other payables	N/A	5,834	–	–	–	–	5,834	5,834
Lease liabilities	7.53	43,513	43,232	86,087	257,077	181,749	611,658	472,452
Bonds payables and bonds interest payables	6.00	58,300	21,200	10,600	–	–	90,100	87,341
Bank borrowing	5.00	35,575	–	–	–	–	35,575	35,000
		143,222	64,432	96,687	257,077	181,749	743,167	600,627





## 33 FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

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

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts or debtor frequently repays after due dates	Lifetime ECL	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost which are subject to ECL assessment:

Type of financial assets	Notes	External credit rating	Internal credit rating	Lifetime ECL/ 12-month ECL	Gross carrying amount	
					2025 HK\$'000	2024 HK\$'000
Trade receivables	a	N/A	Low risk	Lifetime ECL (collective basis)	11,183	13,648
			Low risk	Lifetime ECL (individual basis)	8,249	16,979
					19,432	30,627
Other receivables	b	N/A	Low risk	12-month ECL	18,830	203
Rental deposits paid	b	N/A	Low risk	12-month ECL	14,508	12,829
Pledged bank deposits	b	A or above	N/A	12-month ECL	1,700	1,700
Bank balances	b	A or above	N/A	12-month ECL	12,956	59,577



## 33 FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

Notes:

##### (a) Trade receivables

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period between 30 to 60 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date. Except for trade receivables with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's ageing of outstanding balances. Reversal of loss allowance on trade receivables of approximately HK\$476,000 (2024: loss allowance of approximately HK\$323,000) is recognised during the reporting period. As part of the Group's credit risk management, the Group use internal credit rating to assess with the impairment for its customers because these customers consists of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical default rates taking into consideration the historical data and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the Group's management to ensure relevant information about specific debtors is updated.

The Group writes off trade receivables when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors have been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. No trade receivables have been written off and recognised in profit or loss during the year ended 31 December 2025 (2024: written-off and recognised in profit or loss of approximately HK\$8,000).





## 33 FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

Notes: (continued)

#### (a) Trade receivables (continued)

The information about the ECL for the trade receivables at 31 December 2025 and 2024 is summarised below. The gross carrying amounts of trade receivables, by credit risk rating grades, are as follows:

#### As at 31 December 2025

Internal credit rating	Expected loss rate %	Gross carrying amount HK\$'000	ECL	Loss allowance HK\$'000	Net carrying amount HK\$'000
Low risk (assess in collective basis)	0.50%	11,183	Lifetime ECL (collective basis)	(56)	11,127
Low risk (assess in individual basis)	1.27%	8,249	Lifetime ECL (individual basis)	(105)	8,144
		19,432		(161)	19,271

#### As at 31 December 2024

Internal credit rating	Expected loss rate %	Gross carrying amount HK\$'000	ECL	Loss allowance HK\$'000	Net carrying amount HK\$'000
Low risk (assess in collective basis)	0.51%	13,648	Lifetime ECL (collective basis)	(69)	13,579
Low risk (assess in individual basis)	3.35%	16,979	Lifetime ECL (individual basis)	(568)	16,411
		30,627		(637)	29,990

Trade receivables with significant outstanding balances with gross carrying amount of approximately HK\$8,249,000 (2024: approximately HK\$16,979,000) at 31 December 2025 for ECL were assessed individually. The default risk of these debtors is low after considering the credit worthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. At 31 December 2025, loss allowance of approximately HK\$105,000 (2024: approximately HK\$568,000) is provided on these balances based on individual assessment.



## 33 FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

Notes: (continued)

#### (a) Trade receivables (continued)

The remaining trade receivables of approximately HK\$11,183,000 (2024: approximately HK\$13,648,000) which consists of a large number of customers which share common risk characteristics are assessed on a collective basis. The above table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis at 31 December 2025. At 31 December 2025, the Group considered these trade receivables as low risk of default. Loss allowance of approximately HK\$56,000 (2024: approximately HK\$69,000) is provided on these balances based on collective assessment, which is performed by grouping trade receivables based on the Group's internal credit rating with reference to trade receivables' ageing.

At 31 December 2025, the Group recognised loss allowance of approximately HK\$161,000 (2024: approximately HK\$637,000) on trade receivables. The movements in loss allowance for trade receivables were summarised as below.

	2025 HK\$'000	2024 HK\$'000
At 1 January	637	314
Increase in allowance		
Loss allowance (reversed)/recognised in profit or loss during the year	(476)	323
At 31 December	161	637

Changes in loss allowance for trade receivables are mainly due to the write-off of a trade receivable of approximately HK\$Nil (2024: approximately HK\$8,000).

There was no change in the estimation techniques or other significant assumptions made during the years ended 31 December 2025 and 2024.

The Group does not hold any collateral over trade receivables at 31 December 2025 and 2024.

At the end of the reporting period, the Group had a concentration of credit risk as 12% (2024: 19%) and 38% (2024: 49%) of the total trade receivables from cold storage and related services and trading and sales of food and beverage segments were due from the Group's largest debtors and the five largest debtors, respectively.

#### (b) Other financial assets

ECL for all other instruments including other receivables and rental deposits paid were assessed individually.

In order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group has applied the general approach in HKFRS 9 to measure the loss allowance for other financial assets. The Group assessed the ECL based on estimation about risk of default and expected loss rates, and judgement was used in making these assumptions and selecting the inputs to the impairment calculation, including the credit loss experience, historical settlement records, internal credit ratings, financial positions, relationships with debtors and other factors that impacted their ability of repayment. The management also took into account of existing market conditions and forward-looking information.





## 33 FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management objectives and policies (continued)

#### (iii) Credit risk (continued)

Notes: (continued)

#### (b) Other financial assets (continued)

Other financial assets that are not credit-impaired on initial recognition are classified in “Stage 1” and have their credit risk continuously monitored by the Group. The ECL is measured on 12-month basis.

- If a significant increase in credit risk (specifically, when the debtor is more than 30 days past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.
- If the financial instrument is credit-impaired (specifically, when there is evidence indicating the debtor is in severe financial difficulty or it is probable that the debtor will enter bankruptcy or other financial reorganisation), the financial instrument is then moved to “Stage 3”. The ECL is measured on lifetime basis.

The movements in loss allowance for certain other financial assets were summarised as below:

	Stage 2 Subscription receivables 2025 HK\$'000
At 1 January	–
Increase in allowance	
Loss allowance recognised in profit or loss during the year	<b>1,642</b>
At 31 December	<b>1,642</b>

As at 31 December 2025, certain other financial assets with the gross carrying amount of approximately HK\$18,830,000 (2024: approximately HK\$203,000) were assessed individually and measured at lifetime ECL since the management considers there is a significant increase in credit risk on the balance since initial recognition. Of which subscription receivables as at 31 December 2025 with the gross carrying amount of approximately HK\$18,000,000 were due from three subscribers (2024: HK\$Nil). Please refer to Note 17(b) for further details. Such subscription receivables were assessed for ECL individually and measured at lifetime ECL. Loss allowance for ECL of approximately HK\$1,642,000 (2024: HK\$Nil) was recognised for the year ended 31 December 2025.

The remaining other financial assets are separately assessed. The Group has assessed and concluded that the risk of default rate for other financial assets are steady based on the Group’s assessment of the financial health of the counterparties, historical default experience and forward-looking information available at the end of the reporting period. Thus, the Directors considered that the ECL of the other remaining financial assets of the Group is insignificant at 31 December 2025 and 2024.

The Group has concentration of credit risk relating to rental deposits paid of approximately HK\$14,508,000 (2024: approximately HK\$12,829,000) to the landlord.

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



## 33 FINANCIAL INSTRUMENTS (continued)

### (b) Categories of financial instruments

Categories of financial instruments of the Group are set out as follows:

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>			
Financial assets measured at amortised cost	(i)	65,784	104,487
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost	(ii)	124,790	136,768

Notes:

- (i) Financial assets at amortised cost include rental deposits paid, trade and other receivables, other deposits, pledged bank deposits and bank and cash balances.
- (ii) Financial liabilities at amortised cost include trade and other payables, contract liabilities, employee benefit obligations, bond payables, convertible bonds and bank borrowing.

## 34 CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The Directors consider the total equity as disclosed in the consolidated statement of financial position as the Group's capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024.





## 35 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Interest in a subsidiary	14	1	1
Amounts due from subsidiaries		48,375	48,375
		<b>48,376</b>	<b>48,376</b>
<b>Current assets</b>			
Other receivables, deposits and prepayments		17,030	503
Amounts due from subsidiaries		37,345	19,947
Bank balances		59	137
		<b>54,434</b>	<b>20,587</b>
<b>Current liabilities</b>			
Other payables and accruals		7,006	3,392
Bonds payables	25	67,500	75,000
Amount due to a subsidiary		3,210	3,542
		<b>77,716</b>	<b>81,934</b>
<b>Net current liabilities</b>		<b>(23,282)</b>	<b>(61,347)</b>
<b>Non-current liabilities</b>			
Bonds payables	25	–	10,000
Convertible bonds	26	35,991	–
		<b>35,991</b>	<b>10,000</b>
<b>NET LIABILITIES</b>		<b>(10,897)</b>	<b>(22,971)</b>
<b>Capital and reserves</b>			
Share capital	28	4,481	2,901
Reserves	35(a)	(15,378)	(25,872)
<b>TOTAL DEFICITS</b>		<b>(10,897)</b>	<b>(22,971)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

### (a) Movement of the reserves

	Share premium HK\$'000 (Note 29(a))	Capital reserve HK\$'000 (Note 29(b))	Contributed surplus HK\$'000	Share Option reserve HK\$'000 (Note 30)	Convertible bond reserve HK\$'000 (Note 29(d))	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	381,060	66,094	84,239	3,944	–	(519,343)	15,994
Loss for the year and total comprehensive loss for the year	–	–	–	–	–	(41,866)	(41,866)
At 31 December 2024 and 1 January 2025	381,060	66,094	84,239	3,944	–	(561,209)	(25,872)
Loss for the year and total comprehensive loss for the year	–	–	–	–	–	(16,251)	(16,251)
<b>Transactions with owners</b>							
Issuance of new shares	21,205	–	–	–	–	–	21,205
Transaction costs attributable to issuance of new shares	(297)	–	–	–	–	–	(297)
Lapse of share options	–	–	–	(3,018)	–	3,018	–
Recognition of share-based payment expenses	–	–	–	8	–	–	8
Issuance of convertible bonds	–	–	–	–	6,272	–	6,272
Issuance costs on convertible bonds	–	–	–	–	(443)	–	(443)
<b>Total transactions with owners</b>	<b>20,908</b>	<b>–</b>	<b>–</b>	<b>(3,010)</b>	<b>5,829</b>	<b>3,018</b>	<b>26,745</b>
At 31 December 2025	401,968	66,094	84,239	934	5,829	(574,442)	(15,378)

Other than contributed surplus which is subject to clause 54 (1) of Companies Act 1981 of Bermuda, no other distributable reserve is available for distribution to shareholders by the Company.





### 36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

#### Writ of summons against the Company

On 9 September 2025, the Company received a writ of summons (the “Writ”) filed at the High Court of the Hong Kong Special Administration Region (the “High Court”) by Chen Rijuan (the “Plaintiff”) against the Company as defendant. The Plaintiff demanded the Company to repay the 6% coupon bonds (the “Bonds”) held by the Plaintiff in the principal sum of HK\$10,000,000 plus interest and costs. The relevant outstanding amount was recognised and included in bonds and other payables.

Subsequently, the Company and the Plaintiff reached a settlement arrangement, on 13 March 2026, the Company received a notice of discontinuance filed with the High Court by the Plaintiff, confirming that the legal action against the Company is closed.

#### Potential acquisition

On 30 December 2025, the Company entered into a non-legally binding letter of intent to acquire (“Potential Acquisition”) from two sellers two data centers in the United States which are currently providing services for clients’ Bitcoin mining.

Through the Potential Acquisition, the Group intends to act as a diversified high-end warehousing infrastructure operator, providing sophisticated, stable and temperature-controlled environment for assets of different nature.

As at the date of this Annual Report, no formal sales and purchases agreement has been entered.

Saved as disclosed, no other material events occurred between 31 December 2025 and the date of this Annual Report.



# FINANCIAL SUMMARY



## Year ended 31 December

	2025	2024	2023 (Restated)	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	149,726	219,388	298,386	273,308	235,068
(Loss) Profit for the year	(72,123)	(40,228)	15,433	4,760	(80,270)

## As at 31 December

	2025	2024	2023 (Restated)	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	484,881	588,332	252,538	265,206	324,692
Total liabilities	(550,936)	(611,207)	(234,807)	(246,530)	(310,897)
	(66,055)	(22,875)	17,731	18,676	13,795
Attributable to:					
Equity holders of the Company	(66,055)	(22,875)	17,731	15,513	10,632
Non-controlling interests	–	–	–	3,163	3,163
	(66,055)	(22,875)	17,731	18,676	13,795

