

雲白國際有限公司
YNBY International Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 00030)

2025
Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Dong Ming (*Chairman*)
 Mr. Tang Ming (*Chief Executive Officer*)
 Mr. Liu Huaiyu

Non-Executive Directors:

Mr. He Tao
 Mr. Huang Bin

Independent Non-Executive Directors:

Dr. Cecilia Wai Bing Pang
 Dr. Cheung Hoi Yu
 Mr. Wong Hin Wing

BOARD COMMITTEES

Audit Committee:

Mr. Wong Hin Wing (*Chairman*)
 Mr. He Tao
 Dr. Cecilia Wai Bing Pang
 Dr. Cheung Hoi Yu

Remuneration Committee:

Dr. Cheung Hoi Yu (*Chairman*)
 Mr. Tang Ming
 Dr. Cecilia Wai Bing Pang
 Mr. Wong Hin Wing

Nomination Committee:

Mr. Dong Ming (*Chairman*)
 Dr. Cecilia Wai Bing Pang
 Dr. Cheung Hoi Yu
 Mr. Wong Hin Wing

AUTHORIZED REPRESENTATIVES

Mr. Tang Ming
 Mr. Liu Huaiyu

COMPANY SECRETARY

Mr. Liu Huaiyu

WEBSITE

www.0030.com.hk

LEGAL ADVISORS

As to Bermuda law:

Conyers Dill & Pearman
 29/F, One Exchange Square, 8 Connaught Place Central,
 Hong Kong

As to Hong Kong law:

King & Wood
 13/F Gloucester Tower, The Landmark, 15 Queen's Road
 Central, Central, Hong Kong

REGISTERED OFFICE

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

32/F
 Cambridge House, Taikoo Place
 979 King's Road
 Quarry Bay, Hong Kong

AUDITOR

ZHONGHUI ANDA CPA Limited
 23/F, Tower 2, Enterprise Square Five,
 38 Wang Chiu Road, Kowloon Bay,
 Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR IN BERMUDA

Conyers Corporate Services (Bermuda) Limited
 Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
 17M Floor, Hopewell Centre
 183 Queen's Road East
 Wan Chai, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS BUSINESS REVIEW

During the year ended 31 December 2025 (“FY2025” or the “Year”), the Group has been principally engaged in the trading of goods and commodities business, which mainly comprises e-commerce and general trading business and raw materials trading business, and provision of professional services, which include the product registration and promotion services. The Group’s operations are divided into (i) the trading of goods and commodities business, encompassing (a) e-commerce and general trading business, (b) raw material trading business for healthcare products in the People’s Republic of China (the “PRC”), and (c) distribution of certain products (“YNBY Products”) manufactured and branded by the Company or the Company’s controlling shareholder Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司) (“Yunnan Baiyao Group”) to overseas markets; and (ii) other segment, mainly providing marketing services, product registration services, and sourcing for OEM/ODM services.

Trading of goods and commodities segment

The trading of goods and commodities segment refers to (i) e-commerce and general trading business, (ii) raw materials trading business for healthcare products which includes the sourcing of packaging materials, pharmacy and cosmetics materials, plant extracts, etc. and then reselling of the products to the PRC corporate customers that are engaged in the manufacturing of cosmetics and healthcare products and the respective packaging materials and (iii) distribution of the YNBY Products to overseas markets.

The Group’s e-commerce and general trading business is primarily operated by selling products bearing third-party brands, which are sourced and procured from overseas suppliers and sold to renowned online platforms in China, such as VIP.com, JD.com, Tmall and overseas online platforms, such as Coupang as well as other general trading clients.

The Group has been serving its existing and potential customers in respect of their supply chain, including Yunnan Baiyao Group under the framework agreement entered into between the Company and Yunnan Baiyao Group on 13 December 2022 (“Framework Agreement”).

The Company secured a general distributorship authorisation for YNBY Products worldwide (excluding the PRC) under the Framework Agreement. This authorisation broadened the Group’s product distribution, which now includes the flagship “Yunnan Baiyao” series of medicines, the “Yunnan Baiyao” toothpaste series, general medicine products, and personal care items, thereby diversifying revenue streams. The first successful sale of Yunnan Baiyao toothpaste manufactured in Thailand represents a key milestone in the Company’s international expansion. This achievement, which marked the first time Yunnan Baiyao toothpaste was manufactured and sold outside mainland China, demonstrates the Group’s ability to leverage international manufacturing expertise while maintaining stringent quality standards.

The Group is fully equipped with the resources, experience, and subsidiaries needed to effectively navigate the healthcare product industry and are deeply confident that trading raw materials for healthcare products will be a significant contributor to the Group’s profitability. The Group’s management team is committed to leveraging these assets to continue driving growth and success in our operations.

For FY2025, the trading of goods and commodities segment reported revenue of approximately HK\$1,108.18 million, representing an increase of approximately 46.79% from approximately HK\$754.93 million reported for the year ended 31 December 2024 (“FY2024”). This segment reported a segment profit of approximately HK\$39.33 million for FY2025 (FY2024: a segment profit of approximately HK\$54.45 million). The decline on the segment results is mainly attributable to the decrease in gross profits, which resulted from the decrease of the gross margin of the Group from approximately 8.74% in FY2024 to approximately 4.63% in FY2025 due to the decrease in sales of products with higher gross profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)

Other segment – marketing services, product registration services, and sourcing for OEM/ODM services

For the provision of professional services, the Group shall (i) assist its customers on the registration of products pursuant to the relevant overseas regulatory and registration requirements; (ii) assist its customers on intellectual property registration of products; (iii) provide overseas marketing services for its customers and their products; and (iv) provide overseas market expansion services to its customers.

The Group's other segment neither generated any revenue, nor incurred any profit or loss in both FY2024 and FY2025.

PROSPECTS

In 2025, despite a complex global environment with challenges such as increased regional competition and global political uncertainty, China's digital commerce sector continues to advance robustly, supported by the Chinese government's "Three-Year Action Plan for Digital Commerce (2024-2026)."¹ The overall growth of China's e-commerce market presents a favourable environment for the Group's related businesses. According to data released by the National Bureau of Statistics of China, China's total retail sales of consumer goods for 2025 reached RMB50.12 trillion, representing a year-on-year increase of 3.7%, with online retail sales reaching RMB15.97 trillion, up 8.6% year-on-year. Physical goods online retail sales reached RMB13.09 trillion, increasing by 5.2%, accounting for 26.1% of total retail sales of consumer goods.²

According to the General Administration of Customs, China's cross-border e-commerce import and export value reached RMB2.75 trillion in 2025, representing a substantial increase of approximately 69.7% compared to 2020.3 China's total import and export value for 2025 exceeded RMB45.47 trillion, representing a year-on-year increase of 3.8%.³ These favourable market conditions provide a solid foundation for the Group's continued growth.

Moreover, the growing global recognition of Traditional Chinese Medicine (TCM) – driven by the Chinese government's proactive promotion of scientific innovation and internationalisation – presents robust opportunities for the Group's Yunnan Baiyao distribution business. Initiatives by the National Administration of Traditional Chinese Medicine under the Belt and Road framework are fostering deeper intergovernmental cooperation and expanding TCM's presence in international healthcare systems.⁴ This sector is witnessing accelerated R&D; from 2021 to January 2025, 47 new Chinese medicines were approved, including 21 classical compound preparations.⁴ Financially, the global TCM market is projected to grow from USD 282.36 billion in 2026 to USD 513.6 billion by 2035, at a CAGR of 6.87%.⁵ This momentum, combined with technological advancements and strengthened regulatory frameworks, creates a highly favourable environment for high-quality development and TCM exports.

1 商務部關於印發《數字商務三年行動計劃(2024-2026年)》的通知
https://www.mofcom.gov.cn/gztz/art/2024/art_7062dd7b0b454018bc8f3311a5c638a3.html

2 2025年12月份社會消費品零售總額增長0.9%
https://www.stats.gov.cn/sj/zxfbjd/202601/t20260119_1962323.html

3 海關總署2025年全年進出口情況新聞發布會
<http://www.customs.gov.cn/customs/xwfb34/302330/hgz2025nqsjdjkjkwfbh/index.html>

4 中醫藥在全世界確鑿綻放
<http://www.natcm.gov.cn/guohesi/gongzuodongtai/2025-05-20/36314.html>

5 Traditional Chinese Medicine (TCM) Market Size, Share, Growth, and Industry Analysis by Type (Acupuncture, Chinese Herbal Medicine, Cupping, Tui Na, Others), by Application (Healthcare, Treatment), Regional Insights and Forecast From 2026 To 2035
<https://www.businessresearchinsights.com/market-reports/traditional-chinese-medicine-tcm-market-109110>

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS (CONTINUED)

Also, the global toothpaste market size was valued at USD20.14 billion in 2025 and is projected to grow from USD21.01 billion in 2026 to USD33.27 billion by 2034, registering a CAGR of 5.92% over the forecast period.⁶ Specifically, the Southeast Asia market is forecasted to expand at a CAGR of 3.27% spanning 2026-2033.⁷

Building on the successful business strategies implemented since 2022, the Group sees significant opportunities in the trading of goods and commodities, including e-commerce and general trading business, supply chain trading business, and TCM international trading business. Leveraging the continued success of “Yunnan Baiyao” toothpaste, which has maintained the No.1 market share in the Chinese full-channel market for many consecutive years until the first half of 2025 alongside the expanding toothpaste markets in Southeast Asia and other overseas regions, the Group is confident in its growth prospects internationally. With the proven track record and strong strategic positioning, the Group is well-equipped to capitalise on these opportunities and drive substantial growth across these key business areas.

The Ministry of Commerce (MOFCOM) has continued to implement comprehensive supportive measures for foreign trade development, including expanding the coverage of export credit insurance, optimising cross-border trade settlement, encouraging financial institutions to increase financing support for small and medium-sized foreign trade enterprises, promoting the development of cross-border e-commerce, and expanding the catalog of imported technologies and products.⁸ These initiatives are expected to boost confidence in foreign trade development and promote the high-quality development of China's foreign trade, providing additional support for the Group's international expansion initiatives.

Looking ahead, the Group is well-positioned to capitalise on the favourable market conditions, supportive government policies, and growing international demand for Chinese products and services. The Group will continue to execute its strategic initiatives, optimise its business operations, and explore new growth opportunities to drive sustainable and profitable growth in 2026.

⁶ Toothpaste Market Size, Share & Industry Analysis
<https://www.fortunebusinessinsights.com/toothpaste-market-104484>

⁷ South East Asia Toothpaste Market Size & Outlook, 2025-2033
<https://deepmarketinsights.com/vista/insights/toothpaste-market/south-east-asia>

⁸ 全國商務工作會議在京召開
https://www.mofcom.gov.cn/sywxwb/art/2026/art_4457e2fe15145888515e17216125947.html
 25項跨境貿易便利化措施全國推廣
<https://cacs.mofcom.gov.cn/article/gnwjmdt/gn/202601/186960.html>

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL AND ADMINISTRATIVE EXPENSES

During the year ended 31 December 2025, the Group's general and administrative expenses (which mainly comprised legal and professional fees, staff salaries, directors' fees and depreciation of right-of-use assets) amounted to approximately HK\$30.90 million (2024: approximately HK\$31.03 million), representing a decrease of approximately 0.43% as compared with that in 2024. The decrease was mainly attributable to tight cost control and lower professional fees relating to operational matters, even when the operating activities of the Group increase during the year ended 31 December 2025.

OTHER INCOME, GAINS AND LOSSES

Other income, gains and losses increased from a loss of approximately HK\$0.11 million for the year ended 31 December 2024 to gains of approximately HK\$1.93 million during the year ended 31 December 2025. Such change was mainly attributable to the increase in bank interest income during the Year.

FINANCE COSTS

During the year ended 31 December 2025, finance costs of approximately HK\$0.35 million (2024: approximately HK\$2.72 million) were incurred, representing a decrease of approximately 87.07% which was attributed by the absence of effective interests on a convertible bond (2024: approximately HK\$1.98 million) and approximately HK\$0.02 million interest expenses on bank borrowings (2024: approximately HK\$0.28 million) during the year ended 31 December 2025.

INCOME TAX EXPENSE

During the year ended 31 December 2025, income tax expense of approximately HK\$4.98 million (2024: approximately HK\$5.76 million) were incurred. The decrease in income tax expense primarily resulted from recognition of deferred tax income of approximately HK\$1.12 million (2024: nil) during the year ended 31 December 2025.

EARNINGS PER SHARE

During the year ended 31 December 2025, the basic earnings per share amounted to 0.06 HK cents (2024: 0.27 HK cents) while the diluted earnings per share amounted to 0.05 HK cents (2024: 0.23 HK cents).

FINANCIAL POSITION

The shareholders' equity increased from approximately HK\$259.94 million as at 31 December 2024 to approximately HK\$357.98 million as at 31 December 2025. Total assets increased by approximately 224.65 million from approximately HK\$367.98 million as at 31 December 2024 to approximately HK\$592.63 million as at 31 December 2025.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately HK\$198.01 million (2024: approximately HK\$212.48 million). As at 31 December 2025, the Group had nil bank borrowings (2024: denominated in Renminbi of approximately HK\$2.16 million which were at fixed rate and short-term loans with 1-year maturity). The Convertible Bonds had matured as at 31 December 2024 and nil interest expense was incurred during the year ended 31 December 2025 (2024: approximately HK\$1.98 million). The gearing ratio of the Group as at 31 December 2025 was 10% (2024: nil), which is calculated as net debt divided by adjusted capital. Net cash is calculated as total liabilities less cash and cash equivalents. Adjusted capital comprises all components of equity.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The Board did not propose a final dividend for the year ended 31 December 2025 (2024: nil).

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 31 December 2025, the total number of issued ordinary shares (the “Shares”) of the Company was 7,599,914,160 Shares (2024: 6,799,914,160 Shares).

In October 2020, the Company issued a convertible bond (“Convertible Bonds”) to Yunnan Baiyao Group with a principal of HK\$500 million with a net proceed of approximately HK\$498 million, equivalent to a net price of approximately HK\$0.257 (the “Subscription”) in order to provide financial resources for exploring opportunities to diversify the businesses. A total of 1,937,984,496 ordinary shares (“Conversion Shares”) of nominal value of HK\$0.01 per share could be converted and issued at conversion price of HK\$0.258 per share upon maturity. The closing price per share on the date of subscription agreement (being 14 October 2019) was HK\$0.260. Please refer to the circulars of the Company dated 11 September 2020 and 12 January 2023 for further details. All net proceeds from the Subscription had been fully utilised as at 31 December 2025.

The Convertible Bonds had matured on 30 October 2024 but had not been converted as at 31 December 2025. On 27 February 2026, the Company allotted and issued 1,937,984,496 Conversion Shares in full, representing approximately 25.50% of the total number of issued Shares immediately before the issue of Conversion Shares and approximately 20.32% of the total number of issued Shares enlarged by the issue of the Conversion Shares immediately thereafter, to Shanghai International Trust Corp., Ltd.* (上海國際信託有限公司), the trustee appointed by Yunnan Baiyao Group to subscribe for and hold the Convertible Bonds on behalf of Yunnan Baiyao Group, at the conversion price of HK\$0.258 per Conversion Shares. Please refer to the announcements of the Company dated 29 October 2024 and 27 February 2026 for further details.

In June 2022, the Company placed 351,762,000 ordinary shares of nominal value of HK\$0.01 per share (Aggregate nominal value: HK\$3,517,620) with a gross proceed of approximately HK\$100 million (net proceeds of HK\$100 million) (the “2022 Placing”) to Sunwah Great Wall Group Limited at subscription price of HK\$0.285 per share (with a net price of approximately HK\$0.284 per share) in order to supplement the Group’s long-term funding of its expansion plan and growth strategies and broaden the shareholder base. The closing price per share on the date of the 2022 Placing agreement (being 14 April 2022) was HK\$0.244.

In May 2025 the Company placed 800,000,000 ordinary shares of nominal value of HK\$0.01 per share (Aggregate nominal value: HK\$8,000,000) with a gross proceeds of approximately HK\$93 million (the net proceeds of approximately HK\$92 million) (the “2025 Placing”) to not less than six independent third parties at subscription price of HK\$0.1161 per share (with a net price of approximately HK\$0.1149 per share) in order to further enlarge the shareholders’ equity base of the Company, optimise the capital structure of the Company and support the healthy and sustainable development of the Company. The closing price per share on the date of the 2025 Placing agreement (being 2 May 2025) was HK\$0.145.

In view of the tighter government policies on CBD products in Hong Kong and the overall operation environment, including but not limited to the legal aspect, of the Group, the Board, on 14 March 2025, has resolved to reallocate the unutilised proceeds from the Subscription and the 2022 Placing, which were set for CBD-related business and to re-designate to the existing trading business of the Group. Please refer to the table below for the details of the reallocation. The Board considered the reallocation of the unused net proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interests of the Company and its shareholders as a whole.

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE CAPITAL AND FUND-RAISING ACTIVITIES (CONTINUED)

The following table summarises the details of (i) application of net proceeds from the Subscription, the 2022 Placing and the 2025 Placing; and (ii) the change in use of proceeds and the resulting new allocation for the unused balances of net proceeds of the Subscription and the 2022 Placing on 14 March 2025.

	Unused balances from the net proceeds as at 31 December 2024	Change in use of the net proceeds on 14 March 2025 (Note 1)	Actual use of the net proceeds during the year ended 31 December 2025	Unused balances from the net proceeds as at 31 December 2025
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Subscription				
Purchase of CBD isolate inventory for trading purpose	5	(5)	–	–
Marketing expenses for the existing trading business in Asian markets	–	5	(5)	–
Setting up of hemp cultivation and extraction and trading business	70	(70)	–	–
Expansion on existing trading business in raw materials	–	70	(70)	–
Expansion of CBD – related target business	27	(27)	–	–
Expansion on existing trading business in e-commerce	–	27	(27)	–
Total	102	–	(102)	–

	Unused balances from the net proceeds as at 31 December 2024	Change in use of the net proceeds on 14 March 2025 (Note 1)	Actual use of the net proceeds during the year ended 31 December 2025	Unused balances from the net proceeds as at 31 December 2025 (Note 2)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
2022 Placing				
Expansion of CBD-based cosmetics products and industrial cannabis trading business with ASEAN	40	(40)	–	–
Expansion on existing trading business in raw materials	–	40	(40)	–
Research and development of Chinese herbal medicine in the PRC and development the trading network in Thailand, Indonesia, Singapore, Korea and Malaysia, etc (Note 2)	10	–	(6)	4
Total	50	–	(46)	4

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE CAPITAL AND FUND-RAISING ACTIVITIES (CONTINUED)

	Amount of the net proceeds raised on 22 May 2025 HK\$ million	Actual use of the net proceeds during the period from 22 May 2025 to 31 December 2025 HK\$ million	Unused balances from the net proceeds as at 31 December 2025 HK\$ million
2025 Placing			
Registration, development, OEM/ODM, etc. of products in ASEAN markets (Note 3)	15	–	15
Marketing, promotion, and trading network development in ASEAN markets (Note 3)	15	–	15
Marketing and sales of products in ASEAN markets (Note 2)	25	–	25
General working capital and for future investment/expansion of the Group (Note 3)	37	(4)	33
	92	(4)	88

Note 1

On 14 March 2025, in view of the change in government policies on CBD products in Hong Kong and the overall operation environment of the Group, the Board has resolved to reallocate all unused proceeds from CBD-related business to existing trading business of the Group. Please refer to the announcement of the Company dated 14 March 2025 for further details.

Note 2

The Company intended to fully utilise the net proceeds by 31 December 2026.

Note 3

The net proceeds have not been deployed as planned due to the slower-than-anticipated regulatory approvals and operational activity in the target ASEAN regions. Consequently, the Company expects that the unused balances of the net proceeds will be fully utilised by 31 December 2026.

FUNDING AND TREASURY POLICY

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 December 2025, no assets of the Group were pledged to secure general banking facilities granted to the Group (2024: nil).

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had no material capital commitments (2024: nil).

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities (2024: nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various types of principal risks and uncertainties as discussed below:

(i) Risks with regards to consumers

The demand for the Group's products is subject to changes in consumer preferences and perception. The Group's performance depends significantly on factors which may affect the level and pattern of consumer spending. Such factors include consumer preference, consumer confidence, consumer income and consumer perception of the safety and quality of the Group's products. Any change in consumer preference and perception may have adverse effect on Group's business, financial condition and results of operations.

(ii) Commodity price risk

The price of commodity products is influenced by international and domestic market prices and changes in global supply and demand for such products. Both the international and domestic market price of commodities as well as the volatility of their supply and demand are beyond the control of the Group. Therefore, the volatility of commodity price may affect the revenue and comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and price arrangements to hedge the risk of volatility of commodity prices.

(iii) Geopolitical and country-specific policy risk

The Group faces potential challenges to its overseas project operations and cost management due to ongoing global geopolitical tensions, the trends toward de-globalisation, and the rise of resource nationalism. Additionally, uncertainties in the policies, legal frameworks, tax systems, and import-export controls of certain countries may adversely affect the Group's operation stability and financial performance.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, US dollars and Renminbi. Most of the Group's cash balances are deposited in Hong Kong dollars, US dollars or Renminbi with licensed banks in Hong Kong and the PRC. Certain portion of the Group's sales, purchases and expenses were denominated in foreign currencies which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered not significant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and may consider hedging significant foreign exchange exposure if and when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE REMUNERATION POLICY

As at 31 December 2025, the Group had 36 employees (2024: 35 employees). For the year ended 31 December 2025, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$20.62 million (2024: approximately HK\$17.20 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included defined contribution mandatory provident funds in accordance with local laws and regulations and medical insurance.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2025, the Group did not have any significant investments, acquisitions or disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2025. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as and when appropriate.

DIRECTORS' REPORT

The Board presents their report and the audited consolidated financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in trading of goods and commodities. The details of principal activities and other particulars of the subsidiaries are set out in note 21 to the consolidated financial statements.

An analysis of the Group's performance during the Year using financial key performance indicators can be found throughout this report. There were no significant changes in the nature of the Group's principal activities during the Year.

BUSINESS REVIEW

The business review of the Group as regulated by Schedule 5 to the Companies Ordinance (Cap.622 of the Laws of Hong Kong), including a fair review of the business and a discussion of the principal risks and uncertainties the Group is facing, particulars of the events affecting the Group that have occurred since the year ended 31 December 2025, and an indication of likely future development in the Group's business are set out in the section headed Management Discussion and Analysis of this report. A description of the Group's key relationships with stakeholders, environment policies and performance and compliance with relevant laws and regulations having significant impact on the Group's business are set out put in the section headed Environmental, Social and Governance Report of this report.

During the year ended 31 December 2025, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit and loss and other comprehensive income on page 88.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 91 and note 34 to the consolidated financial statement respectively.

DISTRIBUTABLE RESERVES

The Company does not have any reserves available for distribution in accordance with the Bermuda Companies Act 1981 (as amended) as at 31 December 2025. In addition, the Company's share premium account of HK\$1,168,677,672 as at 31 December 2025 may be distributed in the form of fully paid bonus shares. Details of the share premium account and reserves are set out in note 34 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 32 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 148.

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors:

Mr. Dong Ming (*Chairman*)

Mr. Tang Ming (*Chief Executive Officer*)

Mr. Liu Huaiyu (*appointed on 16 May 2025*)

Mr. Liu Zhouyang (*retired on 16 May 2025*)

Non-executive Directors:

Mr. He Tao (*appointed on 16 May 2025*)

Mr. Huang Bin

Mr. Qian Yinghui (*retired on 16 May 2025*)

Independent Non-executive Directors:

Dr. Cecilia Wai Bing Pang

Dr. Cheung Hoi Yu

Mr. Wong Hin Wing

Pursuant to bye-law 84(1) and 84(2) of the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Accordingly, Mr. Dong Ming, the executive Director, Mr. Huang Bin, the non-executive Director, and Dr. Cheung Hoi Yu, the independent non-executive Director shall retire by rotation at the forthcoming annual general meeting ("AGM") of the Company. Mr. Dong Ming and Dr. Cheung Hoi Yu, being eligible, shall offer themselves for re-election while Mr. Huang Bin is eligible but does not offer himself for re-election at the forthcoming AGM.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

- (1) Dr. Cheung Hoi Yu has been appointed as an independent non-executive director of Medtide Inc., a company listed on the Stock Exchange with stock code: 03880 since 30 June 2025. He resigned as an independent non-executive director, a member of the remuneration committee and chairperson of the nomination committee of Sirnaomics Limited, a company listed on the Stock Exchange with stock code: 02257 with effect from 18 October 2025.
- (2) Mr. Wong Hin Wing resigned as non-executive director of C Cheng Holdings Limited, a company listed on the Stock Exchange with stock code: 1486 with effect from 28 October 2025; and has been appointed as an independent director of China Pacific Insurance (Group) Co., Ltd., a company listed on the Stock Exchange with stock code: 2601 with effect from 22 January 2026.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the Directors and senior management of the Company are set out on pages 24 to 28 of this report.

DIRECTORS' REPORT

EMOLUMENT POLICY

A Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. Remuneration should be paid with reference to the Board's corporate goals and objectives, the salaries paid by comparable companies, time commitment and responsibilities of the executive and non-executive Directors, internal equity of employment conditions across the Group and applicability of performance-based remuneration. The Directors' fees are paid in line with market practice. No individual should determine his or her own remuneration.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors ("INEDs"), an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers that all of the INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

No directors proposed for re-election at the forthcoming AGM have a service contract with the Company which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which is not a contract of service with any director of the Company or person engaged in full-time employment of the Company was entered into or subsisted during the Year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company, during the Year or subsisted at the year ended date.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or Chief Executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and its subsidiaries a party or any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

DIRECTORS' REPORT

CONTRACT OF SIGNIFICANCE

Except as disclosed in the “Connected Transactions” and “Continuing Connected Transactions”, there were no contracts of significance between the listed issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries, and there were no contract of significance for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries, subsisted at the end of the year or at any time during the Year.

CONNECTED TRANSACTIONS

Save for (i) the extension supplemental agreement entered into between the Company and its controlling shareholder Yunnan Baiyao Group on 5 December 2022 in relation to the extension of the maturity date of the Convertible Bonds, which was approved by the shareholders of the Company on 12 January 2023; (ii) the Company received a notice from Yunnan Baiyao Group of exercising the conversion rights of the Convertible Bonds in full on 29 October 2024; and (iii) the Company allotted and issued 1,937,984,496 Conversion Shares in full to Shanghai International Trust Corp., Ltd* (上海國際信託有限公司), the trustee appointed by Yunnan Baiyao Group at the conversion price of HK\$0.258 per Conversion Shares on 27 February 2026, there was no connected transaction which are required to be disclosed by the Company during the year ended 31 December 2025 in accordance with the disclosure requirements under Chapter 14A of the Listing Rule.

For further details and updates in relation to the Convertible Bonds, please refer to the announcements of the Company dated 14 October 2019, 4 November 2019, 18 November 2019, 2 December 2019, 16 December 2019, 31 December 2019, 31 January 2020, 14 February 2020, 28 February 2020, 31 March 2020, 3 May 2020, 31 July 2020, 31 August 2020, 10 September 2020, 29 October 2020, 30 October 2020, 31 October 2022, 5 December 2022, 29 December 2022, 29 October 2024, 27 February 2026 and the circular of the Company dated 11 September 2020 and 12 January 2023, respectively and note 30 to the consolidated financial statements.

* for identification purpose only

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS

On 13 December 2022, the Company and Yunnan Baiyao Group entered into a framework agreement (the "Framework Agreement"), pursuant to which, (i) Yunnan Baiyao Group agreed to purchase (a) product registration and promotion services, (b) global supply chain integration services, and (c) professional supporting services from the Group, and (ii) the parties agreed to cooperate in the sales and distribution of the products, in which the Group will distribute Yunnan Baiyao Group's products overseas and Yunnan Baiyao Group will distribute the Group's products in the PRC.

The principal terms of the Framework Agreement are summarised below:

Parties:	(i) The Company; and (ii) Yunnan Baiyao Group, a controlling shareholder of the Company.
Terms:	For a period of three years commencing on 15 May 2023 and ending on 14 May 2026
Subject matter:	<i>Product Registration and Promotion Services</i>

The Group will (i) assist Yunnan Baiyao Group on registration of YNBY Products pursuant to the relevant overseas regulatory and registration requirements; (ii) assist Yunnan Baiyao Group on intellectual property registration of YNBY Products; (iii) provide overseas marketing services for YNBY Products; and (iv) provide overseas market expansion services to Yunnan Baiyao Group.

Global Supply Chain Integration Services

The Group will provide global supply chain integration services to Yunnan Baiyao Group, in which the Group will assist Yunnan Baiyao Group and integrate raw materials worldwide, including but not limited to, the procurement of overseas plantation and breeding resources (海外種植養殖資源), medical herbs and plant extracts, medical intermediates, cosmeceuticals products, food ingredients, biologics and packaging materials. The Group facilitated the delivery of the raw materials to Yunnan Baiyao Group, which include the arrangement of the raw materials to go through customs inspection and clearance and engagement of third-party providers to conduct quality inspection and deliver the raw materials to a storage area designated by Yunnan Baiyao Group in PRC once Yunnan Baiyao Group has confirmed an order. For the year ended 31 December 2024, the Group recorded sales of approximately HK\$182,822,000 to Yunnan Baiyao Group.

Professional Supporting Services

The Group will identify suitable healthcare products resources for Yunnan Baiyao Group to expand its big health product line, source suitable ODMs/OEMs for Yunnan Baiyao Group to produce quality healthcare products and provide support to the global marketing of those products under Yunnan Baiyao Group's name.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Sales and Distribution Services

On the one hand, the Group will purchase and distribute YNBY Products to the overseas markets. On the other hand, Yunnan Baiyao Group will purchase and distribute the Group Products to the PRC through online sales platforms and physical distribution channels.

In order to assist Yunnan Baiyao Group to expand its market share in the overseas markets and to diversify the products range of the Group's trading business, the Group formulated a sales plan and placed purchase orders with Yunnan Baiyao Group after the Group has secured a sales and the Group's customers have confirmed the relevant YNBY Products sales order. For the year ended 31 December 2024, the Group purchased goods of approximately HK\$13,833,000 and HK\$2,752,000 from Yunnan Baiyao Group and a fellow subsidiary respectively, and sold to customers mainly located in Hong Kong, Indonesia, Singapore and United States of America.

Pricing policy:

Product Registration and Promotion Services

The Group determined the service fee based on the expected costs incurred by the Group, i.e. prevailing market prices obtained from third-party service providers, plus a 10%-15% mark-up for the Group being the agent to monitor the process and to ensure service quality.

Global Supply Chain Integration Services

The Group determined the selling price of the raw materials to be sold to Yunnan Baiyao Group based on prevailing market conditions and the pricing from third-party customers, and earn the difference between the cost of acquiring the raw materials and the selling price of the raw materials to Yunnan Baiyao Group.

Professional Supporting Services

The Group determined the service fee based on the expected costs incurred by the Group, i.e. prevailing market prices obtained from third-party service providers, plus a 10%-15% mark-up for the Group being the agent to monitor the process and to ensure service quality.

Sales and Distribution Services

In respect of the sales and distribution of the Group Products to the PRC, the pricing of such Group Products is (i) based on the prevailing market price of products of the same kind at the time of the relevant transaction; and (ii) determined with reference to two or more quotations or tenders received from independent third parties for products of the same kind.

In respect of the sales and distribution of the YNBY Products to the overseas markets, the pricing of such YNBY Products is (i) based on the prevailing market price of products of the same kind at the time of the relevant transaction; and (ii) determined with reference to two or more quotations or tenders received from independent third parties for products of the same kind.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

The Group only approved the relevant transaction if the price payable by the Group will be on normal commercial terms or better, and on terms no less favourable to the Group than those available from Independent Third Parties, and is fair and reasonable and in the interest of the shareholders as a whole.

Payment terms: For each transaction contemplated under the Framework Agreement, the Parties entered into a separate agreement to set out the payment terms for the relevant transaction by reference to the terms of the Framework Agreement.

Total consideration and annual cap:

	Actual transaction amount for the year ended 31 December 2025 HK\$	Annual cap for the year ended 31 December 2025 HK\$
<i>Services/Products purchased by Yunnan Baiyao Group</i>		
Product Registration and Promotion Services	–	25,000,000
Global Supply Chain Integration Services	191,617,197	300,000,000
Professional Supporting Services	–	25,000,000
Sales and distribution of Group Products to the PRC	–	50,000,000
	Actual transaction amount for the year ended 31 December 2025 HK\$	Annual cap for the year ended 31 December 2025 HK\$
<i>Service/Products purchased by the Group</i>		
Sales and distribution of YNBY Products to the overseas markets	3,813,517	200,000,000

As Yunnan Baiyao Group is a connected person of the Company, the implementation of the transactions contemplated under the Framework Agreement constitutes a continuing connected transaction (the "Continuing Connected Transaction") of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the annual caps under the Framework Agreement exceeds 5%, the implementation of the transactions contemplated under the Framework Agreement are subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Continuing Connected Transaction and annual caps were considered and approved by the Shareholder at the special general meeting of the Company on 13 May 2023. For further details of the Framework Agreement, please refer to the announcement of the Company dated 13 December 2022 and the circulars of the company dated 27 April 2023.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

The independent non-executive Directors of the Company have reviewed the Continuing Connected Transaction under the Framework Agreement and confirmed that the Continuing Connected Transaction have been entered into:

- a. in the ordinary and usual course of business of the Group;
- b. on normal commercial terms or better; and
- c. according to the Framework Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company confirms that the Company has complied with the reporting and annual review requirements under Chapter 14A of the Listing Rules in respect of the Continuing Connected Transaction set out above. The Company also confirms that it has followed the pricing policies and guidelines when determining the prices and terms of transaction above during the year ended 31 December 2025.

For the purpose of Rule 14A.56 of the Listing Rules, ZHONGHUI ANDA CPA Limited, the external auditor of the Company, was engaged to report on the Continuing Connected Transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The external auditor has issued an unqualified letter to the Board containing its findings and conclusions in respect of the transaction disclosed above in accordance with Rule 14A.56 of the Listing Rules.

The external auditor has confirmed the above Continuing Connected Transaction as follows:

- a. nothing has come to their attention that causes them to believe that the Continuing Connected Transaction has not been approved by the Board.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to their attention that causes them to believe that the transaction was not entered into, in all material respects, in accordance with the relevant agreements governing such transaction.
- d. with respect to the aggregate amount of the Continuing Connected Transaction, nothing has come to their attention that causes them to believe that the Continuing Connected Transaction has exceeded the annual cap as set by the Company.

Save as disclosed in this report, there were no continuing connected transactions which are required to be disclosed by the Company during the year ended 31 December 2025 in accordance with the disclosure requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Connected Transactions" and "Continuing Connected Transaction" of this report, no related party transactions disclosed in note 38 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, none of the Directors or chief executives of the Company had any interest or short position in any shares, underlying shares or debenture of the Company or any of its associated corporations (within meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which (a) 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 Directors have taken or deemed to have under such provisions of SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the following persons and entities (other than a Director or chief executives of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Names of Shareholders	Capacity	Number of Shares held (long position)	Percentage of the total number of issued Shares
Yunnan Baiyao Group	Beneficial owner	1,908,025,360 (Note 2)	25.11%
雲南白藥集團(海南)有限公司	Interest in a controlled corporation	3,101,911,000 (Note 2)	40.82%
Yunbaiyao Hong Kong Co., Limited	Beneficial owner	3,101,911,000 (Note 2)	40.82%
Shanghai International Trust Corp., Ltd.* ("Shanghai Trust")	Trustee	1,937,984,496 (Note 1)	25.50%

Notes:

- The Company entered into a subscription agreement with Yunnan Baiyao Group on 14 October 2019 (the "Subscription Agreement"). Pursuant to the Subscription Agreement and the supplemental subscription agreements (collectively, the "Subscription Agreements"), the Company has conditionally agreed to issue, and Yunnan Baiyao Group has conditionally agreed to subscribe for, through its trustee, Shanghai Trust, the Convertible Bond (the "Subscription"). The completion of the Subscription took place on 30 October 2020 in accordance with the terms and conditions of the Subscription Agreements. The principal amount of the Convertible Bond was HK\$500 million with coupon rate of 3% per annum for 2 years. Under the Subscription, the Convertible Bond has been issued to Shanghai Trust, which subscribes and holds the Convertible Bond on behalf of and as a trustee of Yunnan Baiyao Group. Yunnan Baiyao Group remains as the beneficial owner of the Convertible Bond.

The Convertible Bonds had matured on 30 October 2024 but had not been converted as at 31 December 2025. On 27 February 2026, the Company allotted and issued 1,937,984,496 conversion shares ("Conversion Shares") in full, representing approximately 25.50% of the total number of issued Shares immediately before the issue of Conversion Shares and approximately 20.32% of the total number of issued Shares enlarged by the issue of the Conversion Shares immediately thereafter, to Shanghai Trust at conversion price of HK\$0.258 per Conversion Shares.

* for identification purpose only

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

For further details of the Subscription, please refer to the announcements of the Company dated 14 October 2019, 4 November 2019, 18 November 2019, 2 December 2019, 16 December 2019, 31 December 2019, 31 January 2020, 14 February 2020, 28 February 2020, 31 March 2020, 3 May 2020, 31 July 2020, 31 August 2020, 10 September 2020, 29 October 2020, 30 October 2020, 31 October 2022, 5 December 2022, 29 December 2022, 29 October 2024, 27 February 2026 and the circular of the Company dated 11 September 2020 and 12 January 2023, respectively.

- On 9 September 2021, New Huadu HK acquired 56,000,000 Shares (namely the Acquisition Shares, which comprise approximately 0.87% of the Shares in issue as at the date of the joint announcement) for a consideration of HK\$0.285 per Share on the secondary market. New Huadu HK is wholly-owned by New Huadu Industrial, which is held as to approximately 93.69% by Mr. Chen Fashu, through his shareholding in Xiamen New Huadu and through such shareholding held by him in his own capacity. Together with parties acting in concert with him, Mr. Chen Fashu holds approximately 25.04% of YNBY Group Co., Yunbaiyao Hong Kong Co., Limited (the "Offeror") is a direct wholly-owned subsidiary of "雲南白藥集團(海南)有限公司" and an indirect wholly-owned subsidiary of YNBY Group Co.. Accordingly, the Offeror, Mr. Chen Fashu, New Huadu HK, Xiamen New Huadu, New Huadu Industrial and YNBY Group Co. are presumed to be parties acting in concert under the Takeovers Code. The Offeror and parties acting in concert with it were interested in 1,908,025,360 Shares, representing approximately 29.59% of the entire issued share capital of the Company. As a result of the Acquisition, the Offeror and parties acting in concert with it, became collectively interested in 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares immediately after the Acquisition and as at the date of the joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, a mandatory conditional general offer in cash for all the issued Shares held by the Independent Shareholders is required to be made.

On 18 January 2022, the Offeror had received valid acceptances in respect of 3,101,911,000 Offer Shares under the Offer as at the date of such announcement. Taking into account the Acceptance Shares and Shares already owned by the Offeror and parties acting in concert with it, the Offeror and the parties acting in concert with it are interested in an aggregate of 5,065,936,360 Shares as at the date of such announcement.

Please refer to the announcements dated 11 November 2021, 15 December 2021, 4 January 2022 and 18 January 2022.

Save as disclosed above, as at 31 December 2025, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities (including treasury shares (as defined in the Listing Rules, if any)).

As at 31 December 2025 and up to the date of this report, the Company does not hold any treasury shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

RELIEF FROM TAXATION

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the shares of the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-Law 164 of the Bye-laws and relevant provisions of the regulations stipulated, every Director or other officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses and liabilities which he may incur or sustain in or about the execution of the duties of his office or otherwise in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the reporting period. The Company has taken out and maintained Directors' and officers' liabilities insurance throughout the year, which provides appropriate cover for the Directors of the Group.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group's purchases and sales for the year attributable to major suppliers and customers are as follows:

Purchases

– the largest supplier	32.8%
– five largest suppliers combined	74.0%

Sales

– the largest customer	29.7%
– five largest customers combined	72.4%

Yunnan Baiyao Group, a shareholder holding more than 5% of the Company's share capital, had a beneficial interest in one of the Group's five largest customers. Save as aforesaid, none of the directors, their close associates nor any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

The Company is committed to maintaining a good relationship with its employees, customers, suppliers and other stakeholders that have a significant impact on the Company and on which the Company's success depends.

SUFFICIENCY OF PUBLIC FLOAT

Rule 13.32B(1) of the Listing Rules requires that a portion of shares listed on the Stock Exchange and held by the public must at all times represent at least 25% of an issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float threshold prescribed at the time of listing under Rule 8.08(1) of the Listing Rules.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of 31 December 2025, 34.08% of the Company's total number of issued shares (excluding treasury Shares if any) were held by the public. Therefore, the Company had maintained sufficiency of public float as required under Rule 8.08(1) of the Listing Rules during the year ended 31 December 2025 and has maintained sufficiency of the prescribed minimum public float as required under Rule 13.32B(1) of the Listing Rules from 1 January 2026 and up to the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

On 27 February 2026, the Company allotted and issued 1,937,984,496 Conversion Shares in full to Shanghai Trust, the trustee appointed by Yunnan Baiyao Group to subscribe for and hold the Convertible Bonds on behalf of Yunnan Baiyao Group. For details of the allotment and issue of the Conversion Shares after the reporting period, please refer to the announcement of the Company dated 27 February 2026.

Save as disclosed above, the Group did not have any material subsequent events after 31 December 2025 and up to the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

There were no competing business of which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025 which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' REPORT

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Company's corporate governance practices, including the audit committee of the Company (the "Audit Committee"), the nomination committee of the Company (the "Nomination Committee") and the remuneration committee of the Company (the "Remuneration Committee"), are set out in the Corporate Governance Report on pages 29 to 45 of this report.

For details of the Company's Environmental, Social and Governance Report, please refer to pages 46 to 84 of this report.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control, risks management and financial reporting matter, including the review of the financial statements for the year ended 31 December 2025.

AUDITORS

HLB Hodgson Impey Cheng Limited ("HLB") has been the auditor of the Group since 9 March 2017 until 25 April 2023. On 25 April 2023, HLB resigned as the auditor of the Company. The Board, with the recommendation of the Audit Committee, resolved to appoint ZHONGHUI ANDA CPA Limited as the auditor of the Company with effect from 28 April 2023 to fill the casual vacancy following the resignation of HLB as auditor of the Company. The consolidated financial statements for the year ended 31 December 2025 have been audited by ZHONGHUI ANDA CPA Limited. ZHONGHUI ANDA CPA Limited will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Dong Ming

Chairman

Hong Kong, 13 March 2026

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

During the year ended 31 December 2025, the composition of the Board of the Company was as follows:

Executive Directors:

Mr. Dong Ming (*Chairman*)

Mr. Tang Ming (*Chief Executive Officer*)

Mr. Liu Huaiyu (*appointed on 16 May 2025*)

Mr. Liu Zhouyang (*retired on 16 May 2025*)

Non-executive Directors:

Mr. He Tao (*appointed on 16 May 2025*)

Mr. Huang Bin

Mr. Qian Yinghui (*retired on 16 May 2025*)

Independent Non-executive Directors:

Dr. Cecilia Wai Bing Pang

Dr. Cheung Hoi Yu

Mr. Wong Hin Wing

Up to the date of this report, the composition of the Board and senior management of the Company is as follows:

EXECUTIVE DIRECTORS

Mr. Dong Ming (“Mr. Dong”), aged 49, is and has been the chief executive officer and vice-chairman of Yunnan Baiyao Group since 4 March 2021 and 26 August 2024 respectively. Mr. Dong obtained a doctor degree in Business Administration from Singapore Management University in January 2025 and a bachelor degree in industrial automation from Northeastern University* (東北大學) in the PRC in July 1999. Before joining Yunnan Baiyao Group, Mr. Dong engaged in various positions at Huawei Technologies Co., Ltd.* (華為技術有限公司) (“Huawei Technologies”) during 1999 to 2021, including technical engineer, department heads of various departments, including the landline network marketing department of Xi’an Representative Office, landline network product marketing department of the Eastern Europe Region, VIP system department and the mobile system department, vice president of the Region of Commonwealth of Independent State and Huawei Technologies as well as the general manager of the Beijing Branch.

Mr. Dong has been appointed as executive Director, the Authorised Representative and Process Agent of the Company with effect from 17 January 2022. Furthermore, Mr. Dong has been appointed as the chairman of the Board and the chairman of the nomination committee of the Company with effect from 11 February 2022. With effect from 5 September 2022, Mr. Dong ceased to be the Authorised Representative of the Company.

Mr. Tang Ming (“Mr. Tang”), aged 51, holds a master of business administration from Cornell University, USA, and a bachelor of electronic engineering from Tianjin University of Technology, PRC. Mr. Tang has over 27 years of experience in international business development. He specializes in building global strategies, setting global business teams, and is familiar with local regulations and ecosystem to start the new business. He has rich experience across marketing and sales, R&D, supply chain, Go-To-Market, etc. Prior to joining the Company, he worked as the Vice President of Intelligent Automotive Solution Business Unit Europe Region, General Manager of consulting services of Enterprise Business Group Europe Region, at Huawei Technologies Co., Ltd from July 2016 to January 2022.

Mr. Tang has been appointed as the Chief Executive Officer of the Company with effect from 15 April 2022, the executive Director with effect from 19 August 2022, and a member of the Remuneration Committee with effect from 3 February 2023.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS (CONTINUED)

Mr. Tang currently acts as a Director of the following subsidiaries of the Group, namely, YNBY Limited, YNBY Hong Kong Limited, Wan Long Xing Ye Commercial Trading (Hong Kong) Limited, China Future Int'l Company Limited, Ban Loong Pharmacy Limited, BL Healthcare (Hong Kong) Limited and BL Healthcare (Overseas) Limited. He currently also acts as the legal representative of Wanma Technology Yunnan Co., Limited.

Mr. Liu Huaiyu (“Mr. Liu”), aged 54, appointed as the Chief Financial Officer in June 2022, as the Company Secretary in August 2022, and has served on the Board of Directors since May 2025. He holds a master of business administration from Cornell University, USA, and a bachelor of economics from Shenzhen University, PRC. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants in England and Wales. Mr. Liu obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 16 May 2025 and confirmed that he understood his obligations as Director of the Company.

Mr. Liu has over 25 years of experience in finance and management. He has served as an independent director and the chairman of audit committee of BitFuFu Inc. (NASDAQ: FUFU), a company listed on NASDAQ, since August 2024. He had served as an independent non-executive director, the chairman of audit committee, the chairman of remuneration committee of Kafelaku Coffee Holding Limited (stock code: 01869) from November 2023 to May 2025. Mr. Liu was the chief financial officer of V1 Group Limited (Stock Code: 00082) from November 2018 to August 2019, and the executive vice president and company secretary of Chiho Environmental Group Limited (Stock Code: 00976) from October 2016 to April 2017, and the chief financial officer of Xinyuan Real Estate Company Limited (NYSE: XIN), a company listed on the New York Stock Exchange, from April 2015 to September 2016.

Mr. Liu currently acts as a Director of the following subsidiaries of the Group, namely, YNBY Limited, YNBY Hong Kong Limited, Wan Long Xing Ye Commercial Trading (Hong Kong) Limited, China Future Int'l Company Limited, Ban Loong Pharmacy Limited, BL Healthcare (Hong Kong) Limited and BL Healthcare (Overseas) Limited. He currently also acts as the legal representative of YNBY Healthcare (Shenzhen) Limited.

NON-EXECUTIVE DIRECTORS

Mr. He Tao (“Mr. He”), aged 50, holds a Bachelor’s degree in Management from Chongqing University of Posts and Telecommunications and a Master’s degree in Accounting from Southwestern University of Finance and Economics. He has been serving as the senior vice president of Yunnan Baiyao Group Co., Ltd.** For identification purpose only (雲南白藥集團股份有限公司) (stock code: 000538), a company listed on the Shenzhen Stock Exchange, since August 2024. Mr. He served as a director and deputy general manager of Yunnan Yuntianhua Co., Ltd* (雲南雲天化股份有限公司) (stock code: 600096), a company listed on the Shanghai Stock Exchange, from March 2021 to June 2024.

Mr. He is a chief senior accountant, a Certified Management Accountant (CMA), an expert receiving special allowances from the Yunnan Provincial Government, a member of senior (and associate senior) accountant professional title judging panel of department in Yunnan Province, an expert in the research-oriented audit think tank of the Audit Office of Yunnan Province, an executive director of the sixth council of the China Federation of Logistics & Purchasing, and an expert member of the Modern Supply Chain Research Institute of the China Federation of Logistics & Purchasing. He served as the deputy general manager of the finance department of China Telecom Corporation Limited Yunnan Branch* (中國電信雲南公司) from July 2006 to June 2014, the general manager of the marketing department of China Telecom Corporation Limited Yunnan Branch* (中國電信雲南公司) from June 2014 to September 2015, the general manager of China Telecom Corporation Limited Yuxi Branch* (中國電信玉溪公司) from September 2015 to September 2017, the deputy general manager of Yuntianhua Group Investment Co., Ltd.* (雲天化集團投資有限公司) from September 2017 to August 2018, the deputy director of the finance management department of Yuntianhua Group* (雲天化集團) from August 2018 to February 2020, and the general manager of Yunnan Yuntianhua United Business Co., Ltd.* (雲南雲天化聯合商務有限公司) from February 2020 to June 2024.

* For identification purpose only

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. He has been appointed as a non-executive Director and a member of the Audit Committee with effect from 16 May 2025. Mr. He obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 16 May 2025 and confirmed that he understood his obligations as Director of the Company.

Mr. Huang Bin (“Mr. Huang”), aged 60, obtained a bachelor’s degree in engineering from Harbin Engineering University and had subsequently attended visiting scholar program from European Economic Community and business management courses from Northwestern University in the United States. Mr. Huang is a director of CITIC International Assets Management Limited (中信國際資產管理有限公司) and its subsidiaries.

Mr. Huang was a non-executive director and co-chairman of the board of China New Economy Fund Limited (中國新經濟投資有限公司), a company listed on the Stock Exchange with stock code: 80 from January 2022 to September 2024.

Prior to his appointments as stated above, from March 2020 to December 2021, Mr. Huang served as a non-executive director and the chairman of Lamtex Holdings Limited (“Lamtex”) (林達控股有限公司), a company previously listed on the Stock Exchange, a Bermuda company previously listed on the Stock Exchange (stock code: 1041) and was principally engaged in securities trading and investment business, securities brokerage and provision of securities margin finance business, hotel operation business and trading, and manufacturing of electronic products business. Pursuant to the announcement of Lamtex dated 17 March 2021 (the “Lamtex Announcement”), a winding-up petition against Lamtex was filed to the High Court of The Hong Kong Special Administrative Region (the “High Court”) on 20 August 2020 on the grounds that the Lamtex is insolvent and unable to settle the debt in sum of HK\$10,200,000.00, being the principal sum and accrued interests due and owing as at 2 July 2020 in relation to the bond issued by Lamtex on 30 May 2019 for a term of 1 year due repayable on 28 May 2020. On 11 March 2021, Lamtex was ordered to be wound up by High Court. For further details, please refer to the Lamtex Announcement. Pursuant to filing records at the Hong Kong Companies Registry, a liquidator of Lamtex was appointed on 12 May 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Hin Wing (“Mr. Wong”), MH, JP, aged 63, received a master’s degree in Executive Business Administration (EMBA) from the Chinese University of Hong Kong. Mr. Wong has been a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Chartered Governance Institute. Mr. Wong has also been a member of the American Institute of Certified Public Accountants and a chartered member of Chartered Institute for Securities and Investment. Also, he was awarded the Medal of Honour and appointed Justice of the Peace by the Government of the Hong Kong Special Administrative Region.

Mr. Wong worked as an auditor in an international audit firm, and an executive director and the chief financial officer of a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for more than ten years. Subsequently, he co-founded Silk Road International Capital Limited (a licensed corporation under the Securities and Futures Ordinance (the “SFO”), formerly known as Legend Capital Partners, Inc.), and worked as an executive director and the responsible officer for more than twenty years. He has more than thirty years of extensive experience in corporate strategy and governance, investment management as well as mergers and acquisitions, together with accounting and finance.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

At present, Mr. Wong serves as an independent non-executive director of the following companies: China Pacific Insurance (Group) Co., Ltd., InnoScience (Suzhou) Technology Holding Co., Ltd., YNBY International Limited, Kingmaker Footwear Holdings Limited and Zhaoke Ophthalmology Limited, the shares of all of which are listed on the Main Board of the Stock Exchange. Also, he was the independent non-executive director of the following companies in the last 3 years: Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, Inner Mongolia Yitai Coal Co., Ltd., Jiangxi Bank Co., Ltd. and C Cheng Holdings Limited. Save as disclosed above, he did not hold any directorship in the last 3 years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He has also been serving as the partner of Hermitage Capital HK Limited, a private equity firm licensed under the SFO.

Mr. Wong has been a member of Anhui Provincial Committee of the Chinese People's Political Consultative Conference. He has also been a member of the Medical Council of Hong Kong, a member of Advisory Committee on Enhancing Self-Reliance Through District Partnership (ESR) Programme and a member of the board of directors of Ocean Park Corporation.

Mr. Wong has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee with effect from 21 November 2023.

Dr. Cheung Hoi Yu ("Dr. Yu"), JP, aged 71, obtained a bachelor's degree of science, a master's degree of science, and a doctoral degree of philosophy, from the University of Saskatchewan in Canada, in May 1976, October 1980 and May 1984, respectively. Dr. Yu has published more than 170 scientific papers and is the inventor of more than 70 global patents.

(i) a director of Keen Vision Acquisition Corporation, a company listed on NASDAQ with stock code KVIC since October 2021; (ii) an independent non-executive director and a member of the Audit Committee and the Nomination Committee of Medtide Inc., a company listed on the Stock Exchange with stock code: 03880 since 30 June 2025. Dr. Yu was an independent non-executive director, a member of the remuneration committee and a member of the nomination committee of Sirnaomics Limited, a company listed on the Stock Exchange with stock code: 02257 from December 2021 to October 2025.

Dr. Yu also serves as (i) a director of CR-CP Life Science Fund Management Limited since May 2021; (ii) a member of the Biotech Advisory Panel of the Stock Exchange since April 2018; (iii) a director at Asian Fund for Cancer Research since November 2012; and (iv) a member of the Technology and Innovation Subsector of the Election Committee of Hong Kong since October 2021.

Dr. Yu served as the chairman of the Hong Kong Council for Testing and Certification from January 2016 to December 2021. In addition to that, Dr. Yu serves as a professor at the Neuroscience Research Institute (北京大學神經科學研究所) at Peking University (北京大學) since January 2002. Dr. Yu founded the Hong Kong Biotechnology Organization (HKBIO) in September 2009 and the Guangdong – Hong Kong – Macau Greater Bay Area Biotechnology Alliance in December 2017, and has been serving as the president since Dr. Yu's appointment. Dr. Yu also founded Hong Kong DNA Chips Limited, presently Hai Kang Life Corporation Limited, in May 1999, and has been serving as the president of the board.

Dr. Yu was appointed as a Justice of the Peace in July 2016. Dr. Yu has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee with effect from 21 November 2023.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Dr. Cecilia Wai Bing Pang (“Dr. Pang”), BBS, aged 70, obtained a bachelor of science degree from the University of Manitoba in Canada in 1976, and bachelor of science with honours and doctor of philosophy degrees from the Monash University in Australia in 1978 and 1983 respectively.

Dr. Pang was the Biotechnology Director of the Innovation and Technology Commission of the Government of the Hong Kong Special Administrative Region for 20 years. She has over thirty years of experience in the research, development and management of the biotechnology industry.

Dr. Pang has been appointed as an independent non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 21 November 2023.

COMPANY SECRETARY

Mr. Liu Huaiyu

Please refer to the Executive Directors section for details of the biographies.

SENIOR MANAGEMENT

Throughout the reporting period, the key businesses and operational functions are overseen directly by the Executive Directors, the Chief Executive Officer, the Chief Financial Officer and Company Secretary, all of whom constitute the senior management team of the Group. The Board will review the organisation structure from time to time to complement the Company’s corporate strategy.

CORPORATE GOVERNANCE REPORT

The Board is committed to achieving and maintaining high standards of corporate governance to ensure that all decisions are made in good faith, in the best interest of Shareholders and in long-term shareholders value.

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the section headed “Management Discussion and Analysis” of this report.

CORPORATE GOVERNANCE PRACTICES

The Company has embraced the mission of delivering quality and innovative value-added products and services. Through the Company’s operational practices, policies, and interaction with its stakeholders, including but not limited to customers, investors, suppliers and employees, it is reflected that the Company aims to achieve sustainable growth and success with its culture of building a long-term sustainable development business. The Board has recognised the importance of good corporate governance practices in safeguarding the interest of the shareholders, and the Company is committed to maintaining and achieving a high standard of corporate governance to enhance corporate value, business growth, accountability and transparency.

The corporate governance standards of the Company are built on the principles of independence, accountability, transparency and fairness. In the opinion of the Board, save for deviations as set out below, during the year ended 31 December 2025 and up to the date of this report, the Group has applied and compiled the principles set out in the Corporate Governance Code (“CG Code”) as contained in Part 2 of Appendix C1 to the Listing Rules:

Code Provision F.1.3 stipulates that the Chairman of the Board shall attend the annual general meeting of the Company.

Mr. Dong Ming, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 16 May 2025 due to other important business engagement. Mr. Tang Ming, an executive Director, was appointed to chair the annual general meeting in replying to questions raised by shareholders of the Company at the meeting.

Code Provision C.1.5 stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Mr. Qian Yinghui and Mr. Huang Bin, the non-executive Directors, were unable to attend the annual general meeting of the Company held on 16 May 2025 due to other important business engagement.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. The prohibitions on securities dealing and disclosure requirements in the Model Code also apply to the Group’s senior management and persons who are privy to price sensitive information of the Group. Having made specific enquiry, all Directors confirmed to the Company that they have complied with the Model Code during the Year and up to the date of this report.

SHARE OPTION SCHEME

During the year ended 31 December 2025 and up to the date of this report, the Group has no share option scheme.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, oversees the Group's businesses and evaluates the performance of the Group. The Board also focuses on the overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to the Executive Directors and senior management, while reserving certain key matters for its approval. When the Board delegates aspects of its management and administration functions to the management, it has given clear directions as to the powers of the management, in particular, with respect to the circumstances where the management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Directors were supplied with adequate and relevant information in a timely manner to enable them to form informed decisions before all the relevant meetings. Every Director is aware that he/she should give sufficient time and attention to the affairs of the Company. Agreed procedures are in place for the members of the Board and/or committee to seek independent professional advice at the Company's expenses to assist them to discharge their duties. The Company's senior management regularly supplies the Board and its Committees with adequate information in a timely manner to enable them to make informed decisions. For Board meetings and the Board Committee meetings, the agenda accompanying Board papers were sent to all Directors at least three days before the intended date of the Board meetings or the Board Committee meetings.

Board Composition

As at the end of the reporting period, the Board comprised eight Directors, including three executive Directors, Two non-executive Directors and three independent non-executive Directors. To the best knowledge of the Company, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Board has a policy of appointing Directors with different professional background, industry experiences, skills, knowledge and background so as to bring in valuable contributions and advice for the development of the Group's business. Currently, three out of eight Directors are INEDs and one of them is a qualified accountant. Biographical details of the Directors are set out in the section headed "Biographical Information of Directors and Senior Management" in this report.

At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years. A retiring director shall be eligible for re-election and shall continue to act as a director throughout the meeting at which he retires. According to the Bye-laws, all newly appointed directors will hold office until the first general meeting after his/their appointment(s) and shall then be eligible for re-election.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS (CONTINUED)

Chairman and Chief Executive Officer

As at 31 December 2025, Mr. Dong Ming (“Mr. Dong”) was the Chairman of the Board and Mr. Tang Ming (“Mr. Tang”) was the Chief Executive Officer of the Company. There is segregation of duties between Chairman and Chief Executive Officer. The segregation of duties ensures balance of power between the Board and the Group’s management as well as their independence and accountability.

The Chairman is the leader of the Board and he oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other directors for inclusion in the agenda. The Chairman has the overall responsibility for leading the Company and providing leadership, vision and direction in the development of the business of the Company.

The Chief Executive Officer is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of Company’s policies, and assumes full accountability to the Board for all operations of the Group. Working with the Chairman and the executive management team of each core business division, he ensures smooth operations and development of the Group. He maintains a constant dialogue with the Chairman and all the Directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

Non-Executive Directors

All non-executive directors of the Company were not appointed for a specific term, but are subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company in line with the Bye-laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

Independent Non-Executive Directors

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive Directors of their independence to the Group. The Group considered all of the independent non-executive Directors to meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS (CONTINUED)

Board Meetings

The Board held 6 meetings in the fiscal year. Prior notices and the agenda of the Board meetings were given to the Directors. Directors may attend meetings in person or via telephone, electronic or other communication facilities. Minutes of the Board meetings and the Board Committees meetings are recorded in sufficient details and kept by the company secretary for inspection by Directors. The Board holds meetings on a regular basis and will meet on other occasions when a board-level decision on a particular matter is required. The Board also monitors and controls financial performance in pursuit of the Group's strategic objectives. The attendance of each of the directors at Board meetings, Committee meetings and annual/special general meetings held during the year ended 31 December 2025 is set out below.

Name	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual/Special General Meetings
Total numbers of meetings held during the year ended 31 December 2025	6	3	0	0	1
Executive Directors:					
Mr. Dong Ming	6/6	N/A	0/0	N/A	0/1
Mr. Tang Ming	5/6	N/A	N/A	0/0	1/1
Mr. Liu Huaiyu (appointed on 16 May 2025)	3/3	N/A	N/A	N/A	0/0
Mr. Liu Zhouyang (retired on 16 May 2025)	3/3	N/A	N/A	N/A	1/1
Non-executive Directors:					
Mr. He Tao (appointed on 16 May 2025)	2/3	1/2	N/A	N/A	0/0
Mr. Huang Bin	6/6	N/A	N/A	N/A	0/1
Mr. Qian Yinghui (retired on 16 May 2025)	3/3	1/1	N/A	N/A	0/1
Independent Non-executive Directors:					
Dr. Cecilia Wai Bing Pang	5/6	3/3	0/0	0/0	1/1
Dr. Cheung Hoi Yu	6/6	3/3	0/0	0/0	1/1
Mr. Wong Hin Wing	5/6	3/3	0/0	0/0	1/1

Apart from regular board meetings, the Chairman also held one meeting with the independent non-executive Directors without the presence of executive Directors for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS (CONTINUED)

Directors' training and professional development

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Training materials and regular updates were made available to the Directors to keep them abreast of the relevant rules and requirements, the topics of the training materials include, amongst others, inside information disclosure requirements under the SFO, continuing and connected transactions under Chapter 14A of the Listing Rules, and other relevant laws and the Listing Rules.

A summary of the trainings attended by the Directors during the Reporting Period is as follows:

Name of Directors	Training Topics		Update Governance
	Legal and Business	Corporate Regulatory	
Executive Directors			
Mr. Dong Ming	✓	✓	✓
Mr. Tang Ming	✓	✓	✓
Mr. Liu Huaiyu	✓	✓	✓
Non-executive Directors			
Mr. He Tao	✓	✓	✓
Mr. Huang Bin	✓	✓	✓
Independent Non-executive Directors			
Dr. Cecilia Wai Bing Pang	✓	✓	✓
Dr. Cheung Hoi Yu	✓	✓	✓
Mr. Wong Hin Wing	✓	✓	✓

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance functions:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors;
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report;
- (f) to evaluate and determine the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives; and
- (g) to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems and reviews their effectiveness.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

When the Board delegates aspects of its management and administration functions to management, it has given clear directions as to the powers of management, in particular, with respect to the circumstances where management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Company has set up three committees including the Audit Committee, the Nomination Committee and the Remuneration Committee, each Committee with its specific terms of reference as set out in the CG Code.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in consistence with the CG Code for the purpose of making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

The work of the Remuneration Committee during the year ended 31 December 2025 included the following matters:

- i. reviewed and made recommendations to the Board regarding the remuneration packages for each of the individual executive directors and senior management of the Company for the year ended 31 December 2025 by assessing their performance with reference to the Board's corporate goals and objectives. The Remuneration Committee has considered factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance based remuneration;
- ii. reviewed and made recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- iii. ensured no director or any of his associates is involved in deciding his own remuneration;
- iv. reviewed and made recommendations to the Board on the emolument policy of the employees of the Group on the basis of their merit, qualification and competence;
- v. reviewed the terms of executive directors' service contracts;
- vi. reviewed matters relating to share schemes (if any) under Chapter 17 of the Listing Rules.

Pursuant to code provision E.1.5 of the CG Code, the senior management team of the Group comprises entirely of Directors (being the Executive Directors, the Chief Executive Officer, the Chief Financial Officer and Company Secretary). Accordingly, the details of the remuneration payable to all members of the senior management team are set out in note 12 to the consolidated financial statements.

The number of the Remuneration Committee meetings held during the Year and record of individual attendance of members, on a named basis, at meetings held during the year ended 31 December 2025 was set out in the section headed "Board Meetings" above.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

During the year ended 31 December 2025 and up to the date of this report, the Remuneration Committee consisted of the following members:

Independent Non-executive Directors

Dr. Cheung Hoi Yu (*Chairman*)

Dr. Cecilia Wai Bing Pang

Mr. Wong Hin Wing

Executive Director

Mr. Tang Ming

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in consistence with the CG Code for the purpose of reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and identifying individuals suitably qualified to become board members. It is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

Board diversity policy and nomination policy have been adopted to maintain the Board with a diversity of directors and with a nomination process of candidates respectively.

In addition, the shareholders have the power to nominate any person to become a director of the Company in accordance with the Bye-laws, the procedures for election of directors were published on the Company's website.

The work of the Nomination Committee during the year ended 31 December 2025 included the following matters:

- i. reviewed the Nomination Committee terms of reference and evaluated the Directors' skills, qualifications, knowledge and experiences;
- ii. reviewed the composition of the Board in accordance with the measurable objective of the Board Diversity Policy; and
- iii. reviewed the nomination policy to achieve the selection, appointment and re-appointment of the Directors.

The biographies of the above-named Directors are set out in the section headed "Biographical Information of Directors and Senior Management" in this report.

The number of Nomination Committee meetings held during the Year and record of individual attendance of members, on a named basis, at meetings held during the year ended 31 December 2025 was set out in the section headed "Board Meetings" above.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

Board Diversity Policy

With an aim to achieve diversity on the Board, the Board has approved and adopted a board diversity policy (the “Board Diversity Policy”) and revised the terms of reference of the Nomination Committee to ensure the appropriate implementation of the Board Diversity Policy. The Policy was made with a view to achieve a sustainable and balanced development of the Company, through the invitation and selection of different talents to join the Board having due regard to the importance of Board diversity.

The Company is committed to establishing procedures of candidates’ selection based on a range of diversity perspectives including gender, age, cultural background, ethnicity, educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the elected candidates will bring to the Board. The Board’s composition will be disclosed in the Corporate Governance Report annually.

As at the date of this report, the Board comprises Directors with both genders, diverse backgrounds and experiences. The Board has a balanced composition for its executive Directors being in possession of extensive industrial expertise and experience in the operation of Group’s business and the independent non-executive Directors contributing their independent opinions and judgements, which facilitate an effective decision-making process for the Board. The composition of the Board is reviewed on an annual basis by the Nomination Committee.

As at 31 December 2025, the Board has one female Director and has achieved gender diversity on board level. The Board also recognizes the importance of diversity at the workforce level. As at 31 December 2025, the Group had a total of 36 employees, of which 19 were male and 17 were female. The gender ratio of the Group’s workforce (including senior management) was approximately 52.8% male to 47.2% female.

As the plans for the Group in terms of gender diversity in workforce, the Group will periodically review internal records on gender diversity, identify suitable female candidates for relevant positions within the Company, and try to ensure that there is gender diversity when recruiting staff at mid to senior level and training female staff with the aim of promoting them to the senior management or directorship of the Company, so as to maintain the balance of gender diversity in the foreseeable future.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

Nomination Policy

With an aim to set out the criteria and process in relation to the selection, appointment and re-appointment of the Directors to guide the Nomination Committee, the Board has approved and adopted a nomination policy (the “Nomination Policy”) in January 2019 to assess the suitability of a candidate for directorship and make recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing directors to the Board.

The Nomination Committee shall consider the following criteria when they are evaluating and selecting candidates for directorships:

- a. character and integrity;
- b. professional qualifications, knowledge and skills and professional experience that are relevant to the Company's business and corporate strategy;
- c. willingness to devote adequate time to discharge duties as a Board or committee member and other directorships and significant commitments;
- d. requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out therein;
- e. the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- f. such other perspectives appropriate to the Company's business.

The Nomination Committee will recommend to the Board for appointment as additional Director or to fill the Board's casual vacancy in accordance with the following procedures:

- a. The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out in the above criteria to determine whether such candidate is qualified for directorship.
- b. If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and conduct reference check of each candidate (where applicable).
- c. The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship.
- d. Pursuant to section 74(1) of the Bermuda Companies Act, the Directors, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the principal place of business of the Company in Hong Kong.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

Nomination Policy (Continued)

- e. 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 candidate based on the criteria as set out in the above criteria to determine whether such 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.
- f. Pursuant to the Bye-laws, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years. A retiring director shall be eligible for re-election and shall continue to act as a director throughout the meeting at which he/she retires. For all newly appointed directors who will hold office until the first general meeting of shareholders after his/their appointment(s) and shall then be eligible for re-election.
- g. A candidate is allowed to withdraw his/her candidacy at any time before the general meeting by serving a notice in writing to the Company.
- h. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee shall review the Board Diversity Policy and Nomination Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy and Nomination Policy on an annual basis.

Without prejudice to the authority and duties of the Nomination Committee as set out in its terms of reference, the ultimate responsibility for selection and appointment of Directors rests with the entire Board.

During the year ended 31 December 2025 and up to the date of this report, the Nomination Committee consisted of the following members:

Independent Non-executive Directors

Dr. Cecilia Wai Bing Pang

Dr. Cheung Hoi Yu

Mr. Wong Hin Wing

Executive Director

Mr. Dong Ming (*Chairman*)

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Audit Committee

The Company has established the Audit Committee with written terms of reference in consistence with the CG Code. The revised terms of reference are posted on the websites of the Company and the Stock Exchange.

The Audit Committee is responsible for reviewing the accounting principles and practices adopted by the Group, reviewing the Group's financial information, discussing auditing matters and overseeing the Group's financial reporting system, risk management and internal control procedure. The Audit Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel and records, and the power to liaise with external auditors and senior management. During the year ended 31 December 2025, the Audit Committee held 3 meetings and the work of the Audit Committee included the following matters:

- i. reviewed and discussed the terms of reference of the Audit Committee in order to be in line with the latest amendment of Listing Rules;
- ii. discussed with management the risk management framework, policies and procedures and ensure that they are in place to identify, assess, manage, control and report risks and draft a written risk management policy to monitor the Group's business objectives;
- iii. discussed with management the status of interim results for the six months ended 30 June 2025 and annual results for the year ended 31 December 2025;
- iv. reviewed and discussed with management the report of the risk management and internal control systems proposed by an independent consultant to assess the internal control and risk management of the Company during the year ended 31 December 2025;
- v. reviewed and discussed with management and the external auditors regarding the financial statements for the year ended 31 December 2025 and management letter;
- vi. reviewed and discussed with management and the external auditors regarding the unaudited interim financial statements for the six months ended 30 June 2025 and management letter;
- vii. reviewed the effectiveness of risk management and internal control system;
- viii. reviewed the external auditors' statutory audit plan and engagement letter;
- ix. discussed with the management and ensured that the Board has conducted an annual review such that there is adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function; and
- x. to the Board, for the approval by shareholders, of the re-appointment of the auditors.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

The number of the Audit Committee meetings held and record of individual attendance of members, on a named basis, at meetings held during the year ended 31 December 2025 was set out in the section headed “Board Meetings” above. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2025.

During the year ended 31 December 2025 and up to the date of this report, the Audit Committee consisted of the following Directors, of which Mr. Wong Hin Wing is a certified public accountant:

Independent Non-executive Directors

Dr. Cecilia Wai Bing Pang

Dr. Cheung Hoi Yu

Mr. Wong Hin Wing (*Chairman*)

Non-executive Directors

Mr. He Tao (*appointed on 16 May 2025*)

Mr. Qian Yinghui (*retired on 16 May 2025*)

Accountability and Audit

Financial Reporting

The directors acknowledge their responsibility for preparing the financial statements of the Group and have adopted the accounting principles generally accepted in Hong Kong and complied with the requirements of HKFRS Accounting Standards, which comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance.

During the year ended 31 December 2025, the management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The reporting responsibilities of the Company’s independent auditor are set out in the Independent Auditor’s Report on pages 85 to 87.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is accountable for overseeing the Group's risk management, including the risks relating to the Company's environmental, social and governance ("ESG") performance and internal control systems and reviewing their effectiveness, while the management are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management (including ESG risks), financial and operational controls to safeguard the Group's assets and stakeholders' interests. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures are in place to identify major business risks and evaluate potential financial implications. The Board recognizes the importance of identifying and addressing ESG-related risks, including those related to climate, and believes that a focus on managing these factors can result in an enhanced and long-lasting business value for the Group.

The Group has formulated a risk management policy and adopted a three-tier risk management approach to identify, assess and manage different types of risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defence, the independent consultant, as an internal audit function, assists the Audit Committee to review the first and second lines of defence.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management (including ESG risks) and internal control systems for the year ended 31 December 2025, covering the material financial, operational and compliance controls, which are considered effective and adequate. The Audit Committee has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit, financial reporting and ESG reporting functions on an annual basis.

Based on the framework for risk management (including ESG risks) and internal control system established by the Group, the Board and the Audit Committee admitted that through the review of risk management (including ESG risks) and internal control systems of the Group, it can evaluate and improve its effectiveness. The Board, with the concurrence of the Audit Committee, considered that such systems, including financial, operational and compliance were effective and adequate for the year ended 31 December 2025 based on the work performed and report prepared by the independent consultant. The Company will perform the ongoing assessment to update all material risk factors on a regular basis. In any case, review on risk management (including ESG risks) and internal control system will be conducted annually.

Internal audit function

The Group had engaged an independent internal control consultant to assess the Group's overall internal controls for the year ended 31 December 2025 and to give recommendations to make any enhancement. It was reported that there were no material deficiencies in relation to the Group's internal controls. The assessment was conducted annually and the results were finalized in March 2026 and communicated with the Audit Committee. The Board is of the view that the internal control measures of the Group are adequately and effectively monitoring its business operations for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Main Board Listing Rules and SFO and shall seek legal advice where necessary. The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the respective websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information falls within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors, officers and senior management of the Group. The Board emphasises that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

MECHANISMS TO ENSURE INDEPENDENT VIEWS IN THE BOARD

The Board has established mechanisms to ensure independent views are available to the Board in the Company's director nomination policy and board diversity policy. The Board will periodically review the implementation and effectiveness of such mechanisms. A summary of the mechanism is set out below:

Composition

The Board shall ensure the appointment of at least three independent non-executive Directors ("INED(s)") and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time).

Independence Assessment

The Nomination Committee shall adhere to the nomination policy with regard to the nomination and appointment of INEDs. The INED candidate must satisfy the independence requirements under Rule 3.13 of the Listing Rules. Each INED is also required to inform the Company as soon as practicable if there is any change in his or her own personal particulars that may materially affect his or her independence and provide an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules.

Channel for Communication

The Company is committed to ensuring that the INEDs will be given the opportunity and channel for Directors to communicate and express their independent views and inputs to the Board and its committees. The Company has established channels through formal and informal means whereby INEDs can express their views in an open, candid as well as confidential manner, should circumstances require, these include meetings with the Chairman of the Company without the presence of the other Directors to discuss major issues and any concerns, and dedicated meeting sessions with the Chairman of the Company and interaction with management and other Board members including the Chairman of the Company outside the boardroom.

CORPORATE GOVERNANCE REPORT

WHISTLEBLOWING POLICY

The Company has adopted an arrangement, including a whistleblowing policy and the policy of anti-corruption to allow and encourage employees and other stakeholders to raise concerns, in confidential, about possible improprieties in financial reporting, internal control, criminal action, compliance and other malpractices or other matters. All the concerns received will be handled confidentially in a prompt and fair manner. The Board shall regularly review such arrangements, conduct independent investigation on these matters if necessary, and consider appropriate follow-up action.

AUDITORS' REMUNERATION

The financial statements for the year ended 31 December 2025 have been audited by ZHONGHUI ANDA CPA Limited. Fee paid or payable to the auditors for audit service provided to the Group is approximately HK\$1,800,000. The auditors' remuneration has been duly approved by the Audit Committee and there was no disagreement between the Board and the Audit Committee on the selection and appointment of the auditors. For the year ended 31 December 2025, there was a HK\$380,000 non-audit service fee payable to the auditors for interim review services provided to the Group.

COMPANY SECRETARY

The company secretary of the Company (the "Company Secretary") assists the Board by ensuring that the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

During the year ended 31 December 2025, Mr. Liu Huaiyu ("Mr. Liu") is the Company Secretary of the Company and has complied with all the required qualifications, experiences and training requirements under the Listing Rules. He was the full-time employee of the Company and had possessed knowledge of the Company's affairs. Mr. Liu is a member of The Hong Kong Institute of Certified Public Accountants, he has over 25 years of experience in finance and management with various large organizations and listed companies.

For the year ended 31 December 2025, Mr. Liu complied with the Listing Rules by taking not less than 15 hours of relevant professional training. The biography of Mr. Liu is set out in the section headed "Biographical Information of Directors and Senior Management" in this report.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Effective communication

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The Company has established a shareholders communication policy which sets out the Group's commitment of and channels for maintaining an effective ongoing dialogue with shareholders, with the aim to ensure that the shareholders' views and concerns are appropriately addressed. The Company has reviewed the implementation and effectiveness of such policy during the year ended 31 December 2025 and considered that it is sufficient and effective.

In order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company, the Company has established a number of channels for maintaining on-going dialogue with the shareholders as follows:

- (a) corporate communications such as annual reports, interim reports, announcements and circulars are issued and are available on the respective websites of the Stock Exchange and of the Company;
- (b) general meetings of the Company provide a forum for communication between the shareholders and the Board.

The Chairman of the Board as well as chairman of the Audit Committee and Remuneration Committee, or in their absence, other members of the respective committees, are available to answer questions at the shareholders' meetings;

- (c) separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors;
- (d) designated senior management maintains regular dialogue with investors and analysis to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner; and
- (e) the Company's share registrar serves the shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

Voting by poll

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Bye-laws. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results of the general meetings were published on the website of the Stock Exchange as well as the Company's website.

Dividend Policy

The Company adopts a dividend policy, taking into consideration all circumstances including the following factors before declaring or recommending dividends: (i) the current and projected financial performance of the Company; (ii) effective allocation of distributable retained earnings and reserves; (iii) the growth and investment opportunities; (iv) other macro and micro economic factors; and (v) other factors or events that the Board may consider relevant or appropriate from time to time. The payment of dividend is also subject to any restrictions under the applicable laws and the Bye-laws.

SHAREHOLDERS' RIGHTS

Convening extraordinary general meeting and putting forward proposals at Shareholder's meetings

Pursuant to section 74(1) of the Bermuda Companies Act, the Directors, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the principal place of business of the Company in Hong Kong. The same requirement and procedure also applies to any proposal to be tabled at shareholders' meetings for adoption.

Shareholders' Enquiries to the Board

The Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary. The contact details are set out in the Company's website (www.0030.com.hk).

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

The Group has from time to time endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure its projects meet the required standards and ethics in respect of environmental protection and to lead its reduction in greenhouse gas emissions that contribute to climate change. Information on the environmental policies and performance of the Group is set out in the "Environmental, Social and Governance Report" on pages 46 to 84 of this report.

CONSTITUTIONAL DOCUMENTS

The Bye-laws are available on the Company's website: www.0030.com.hk and the Stock Exchange's website: www.hkexnews.hk. No significant change was made to the Company's constitutional documents for the year ended 31 December 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

1.1 Preamble

YNBY International Limited (the “Group” or “We”) is pleased to present the Environmental, Social and Governance (“ESG”) Report for the year ending December 31, 2025 (collectively the “ESG Report” or the “Report”), which has been prepared in compliance with the disclosure obligations under the “Environmental, Social and Governance Reporting Code” (the “ESG Code”) as set out in Appendix C2 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The purpose is to enable stakeholders to better understand the Group’s direction, plans and performance in operational and ESG matters. The Group is committed to continuously enhancing its corporate social responsibility in the course of its business to better respond to the changing needs of the ever-changing society and fulfil its commitment to sustainable development.

1.2 Scope of the Report

This report covers the Group’s ESG performance for the period from 1 January 2025 to 31 December 2025 (the “Reporting Period” or the “Year”). Among others, the scope of environmental key performance indicators (“KPI”) is limited to the Group’s operating site at Cambridge House, Quarry Bay, Hong Kong. A complete index is included in the last chapter of this report for readers’ reference in accordance with the ESG Guidelines.

1.3 Reporting Principles

The ESG report follows the reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

Materiality

Stakeholder engagement and materiality assessment were conducted for the determination of the content of the ESG Report. The Group has identified ESG-related issues, collected and reviewed the views of internal management and various stakeholders, assessed the relevance and materiality of the issues, and prepared and validated the information in the ESG Report. The ESG Report covered a comprehensive range of material ESG issues of concern to the Group’s stakeholders.

Quantitative

The Group has disclosed qualitative environmental and social KPIs in the ESG Report. To enable stakeholders to have a full understanding of the Group’s ESG performance, the standards, methodologies, references and conversion factors used to calculate the KPIs are described wherever appropriate.

Balance

The Group adheres to the principle of impartiality and has written this report accordingly.

Consistency

The Group uses consistent reporting and calculation methods, as far as practicable, to facilitate the comparability of ESG performance between years. The Group uses the number of employees to calculate the density of environmental KPIs. In case of any changes in methodologies, the Group will present and explain in detail in the corresponding sections.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4 Stakeholder Feedback

For detailed information on the Group's environmental, social and corporate governance, please refer to the HKEX news website of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Group's website (<http://0030.com.hk>). The Group attaches great importance to the views of its stakeholders. If you have any questions or suggestions regarding the contents of this report or the form of reporting, please feel free to contact the Group through the following means:

Address: 32/F, Cambridge House,
No. 979 King's Road, Quarry Bay,
Hong Kong
Email: info@0030.com.hk
Tel: +852 2549 8222

2. ESG MANAGEMENT

2.1 Board Statement

The Group believes that sound ESG and climate-related governance principles will effectively enhance our investment value and bring long-term returns to stakeholders and the Group. To better implement and optimise such management policies, the board of directors of the Group is responsible for the management and oversight of ESG and climate-related matters, and for formulating and reviewing the overall vision, policies, strategies or initiatives relating thereto. Meanwhile, the Board also acts as a communication bridge between departments to promote and guide coordination and communication among departments, ensuring the smooth progress of such governance work. In addition, in terms of ESG and climate-related risk management, the Board oversees the entire process of forecasting relevant risks and the implementation of mitigation measures, closely monitors the potential impact of market trends on business operations, and adjusts policies in a timely manner to minimise the negative impact on the company.

Regarding material ESG and climate-related issues, during the Reporting Period, the Group engaged a third-party ESG consultant to assist in identifying such material issues and providing recommendations for optimising related performance. Such consultant assisted in collecting and analysing stakeholders' views on such issues and conducting a materiality assessment. The Board also participated in the materiality assessment as a stakeholder, providing opinions, reviewing the assessment results and identifying the Group's material issues.

The Board is responsible for formulating corresponding policies in response to material ESG and climate-related issues. To ensure the effective formulation and implementation of relevant measures, the Board also regularly reviews the Group's performance and progress towards achieving such targets. At present, the Board has established corresponding goals and indicators for key issues, and reviews the plans and implementation of relevant work at regular meetings. In addition, the Board timely adjusts such management policies in line with policy development trends to lead the Group's progress in such areas. Effective communication channels have also been established among departments to ensure close cooperation between departments. The Group also shares our progress in such areas with various stakeholders, particularly through the Group's annual ESG report. The board will continue to identify areas for improvement and continuously enhance performance in such aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.2 Stakeholder Engagement

The Group considers stakeholder engagement and their views to be crucial to the formulation of its sustainable development strategy. We are committed to maintaining close and positive relationships with stakeholders, understanding and addressing their expectations and requirements, and implementing various strategies for improvement. Our key stakeholders include the government, shareholders and investors, employees, customers, suppliers/partners, peers/industry associations, market regulators, the public and the community. The table below sets out the expectations and requirements of our key stakeholders, as well as the approaches and major measures we adopt to communicate and respond to them:

Stakeholder	Expectations and Requirements	Communication and Response	Measures
Government	<ul style="list-style-type: none"> – To comply with laws – Proper tax payment – Promote regional economic development and employment 	<ul style="list-style-type: none"> – On-site inspections and checks – Research and discussion through work conferences, work reports preparation and submission for approval – Public information disclosed on the Stock Exchange website, such as: interim reports, annual reports and announcements – Company website 	<ul style="list-style-type: none"> – Operated, managed, paid taxes according to laws and regulations, strengthened safety management, accepted the government's supervision, inspection and evaluation, and actively undertook social responsibilities.
Shareholders and Investors	<ul style="list-style-type: none"> – Return on investment – Information disclosure and transparency – Protection of interests and fair treatment of shareholders – Business risk management 	<ul style="list-style-type: none"> – Annual general meeting and other shareholder meetings – Public information disclosed on the Stock Exchange website, such as: interim reports, annual reports and announcements – Meeting with investors and analysts – Company website 	<ul style="list-style-type: none"> – Issued notices of general meeting and proposed resolutions according to regulations, disclosed company information by publishing announcements/circulars and periodic reports in the Year. – Disclosed company contact details on website and in reports and ensured all communication channels available and effective.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder	Expectations and Requirements	Communication and Response	Measures
Employees	<ul style="list-style-type: none"> – Safeguard rights and interests of employees – Health and safety – Working environment – Career development opportunities – Self-actualisation 	<ul style="list-style-type: none"> – Regular meetings – Training, seminars and briefing sessions – Intranet and emails – Annual performance appraisal – Employee activities 	<ul style="list-style-type: none"> – Provided a healthy and safe working environment – Developed a fair mechanism for promotion.
Customers	<ul style="list-style-type: none"> – Safe and high-quality products and services – Stable relationship – Information transparency – Integrity – Business ethics – Healthy and safety 	<ul style="list-style-type: none"> – Company website, brochures, interim reports, annual reports and announcements – Email and customer service hotline – Feedback forms – Regular meetings – Calling for feedback 	<ul style="list-style-type: none"> – Strengthened quality management to ensure stable service quality, and entered into long-term strategic cooperation agreements.
Suppliers/ Partners	<ul style="list-style-type: none"> – Long-term partnership – Honest cooperation – Fair and open – Information resources sharing – Risk reduction 	<ul style="list-style-type: none"> – Business meetings, supplier conferences, phone calls and interviews – Regular meetings – Review and assessment – Email, circulars and manual – Company website 	<ul style="list-style-type: none"> – Invited tenders publicly to select the best suppliers/ partners, performed contracts obligation according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers/partners
Peer industry / Industry associations	<ul style="list-style-type: none"> – Experience sharing – Corporations – Fair competition 	<ul style="list-style-type: none"> – Industry conferences – Site visit 	<ul style="list-style-type: none"> – Stuck to fair play, cooperated with horizontal to realise win-win results, shared experiences and attended different seminars of the industry so as to promote sustainable development of the industry.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

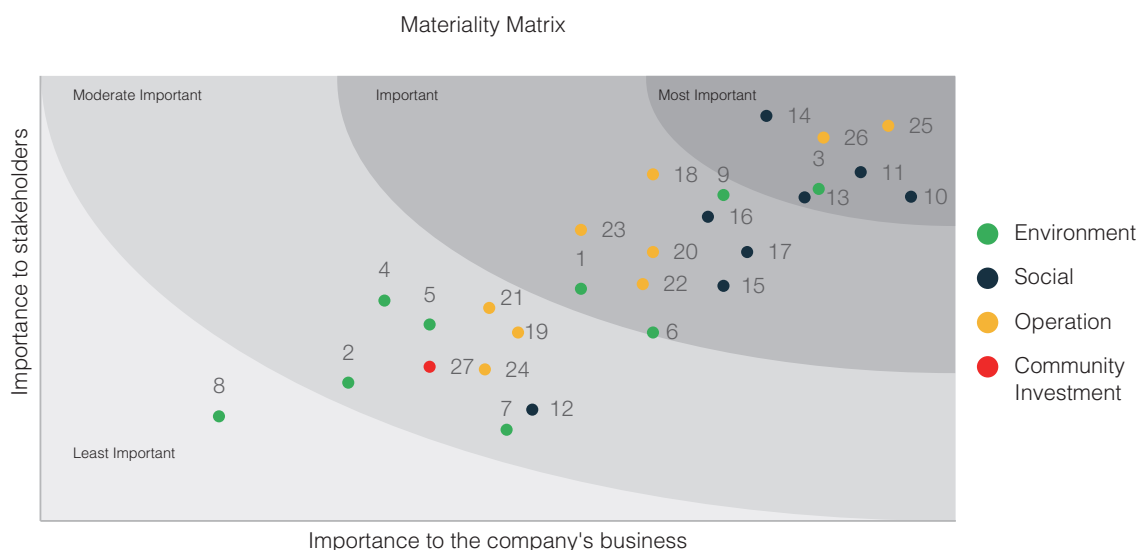
Stakeholder	Expectations and Requirements	Communication and Response	Measures
Market regulator	<ul style="list-style-type: none"> – Compliance with the law and regulations – Information disclosures 	<ul style="list-style-type: none"> – Information disclosure – Reports 	<ul style="list-style-type: none"> – Complied with regulatory requirements in a strict manner, disclosed and reported real information in a timely and accurate manner according to law.
Public and communities	<ul style="list-style-type: none"> – Community involvement – Social responsibilities – Employment promotion – Transparent information disclosure 	<ul style="list-style-type: none"> – Voluntary work – Charity and social investment – Company announcements – Company website 	<ul style="list-style-type: none"> – Gave priority to local people seeking jobs from the Company so as to promote community building and development, protected the communities' ecological environment, and provided timely compensation and assistance.

2.3 Materiality Assessment

In order to formulate ESG management policies more effectively, the Group conducts a materiality assessment to identify ESG issues that are important to the business. This materiality assessment is based on an internal stakeholder questionnaire survey, a third-party ESG consultant was commissioned to conduct a questionnaire survey to collect valuable opinions on ESG issues from various departments and business units, and a materiality mapping provided by a renowned external organisation¹ was used to identify the Group's ESG-related material issues, which were categorized into four grades of "Most Important", "Important", "Moderate Important" and "Least Important". This assessment helps us to identify important issues that are closely related to the Group's business operations and identify related risks and opportunities, so that we can make long-term considerations for the Group's sustainable development.

¹ The materiality maps referenced in the materiality assessment are ESG industry Materiality Map from Morgan Stanley Capital International (MSCI) and the Materiality Map provided by the Sustainability Accounting Standards Board (SASB).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Most Important		Important		Moderate Important		Least Important	
No.	Issues	No.	Issues	No.	Issues	No.	Issues
25	Customer Privacy and Data Protection	9	Tackling Climate Change	21	Responsible Marketing and Promotion	8	Ecological Conservation
26	Business Ethics	18	Operational Compliance	19	Quality Management		
14	Occupational Health and Safety	16	Labour Management	4	Waste Management		
10	Employment Compliance	17	Prevention of Child Labour and Forced Labour	5	Energy Consumption		
11	Remuneration and Benefits	15	Training and Development	24	Information Safety		
3	Greenhouse Gas Emission	20	Procurement Compliance	12	Working Hours and Vacation		
13	Diversity and Equal Opportunity	23	Intellectual Property Protection	27	Charity		
		22	Customer Service Management	7	Green Office		
		1	Environmental Compliance	2	Vehicle Emissions Management		
		6	Water Resources Management				

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL PROTECTION

3.1 Environmental Targets

The Group is committed to promoting green operations and taking the social responsibility of protecting the environment. For such purpose, the Group formulates and implements the “Environmental Protection Policy”. We had set up the environmental goals at the Year 2021/2022 and the progress of the Year as follows:

Environmental Targets	Process of the Year
For exhaust gas emissions, strive to reduce vehicle usage and lower fuel consumption	Gasoline consumption for the Year decreased compared with previous years.
To effectively reduce greenhouse gas (“GHG”) emissions, strive to lower energy consumption across all aspects of business operations	By promoting green and low-carbon operations, fuel and electricity consumption decreased during the Year, which indirectly reduced greenhouse gas emissions.
Implement waste reduction at the source, strive to reduce waste generated in the course of operations, and actively practise reuse and recycling	Employees are encouraged to reuse office supplies as much as practicable. The volume of non hazardous waste remained similar to that of the previous year. The Group continues to implement resource recycling and product reuse measures and will further optimise waste management in the future.
Endeavour to reduce resource waste in daily operations, such as the conservation of water resources, electricity and paper	Through the promotion of paperless initiatives and paper recycling, paper usage decreased compared with previous years.
Strictly comply with environmental protection-related laws and regulations, and regularly review environmental management systems and policies	No material violations of environmental protection-related laws and regulations were identified by the Group during the Reporting Period.

3.2 Emissions

The Group’s major emissions are exhaust, waste, and GHG, which come from the daily activities of office operations. In order to reduce the various types of emissions produced during our operations, we improve their management and ensure that the emissions comply with relevant statutory requirements including but not limited to the Air Pollution Control Ordinance and the Waste Disposal Ordinance of Hong Kong and the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China and the Law of the People’s Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes of China.

i. Gas Emission

The Group’s emissions were mainly from the daily use of fuel for its vehicles. During the Reporting Period, the total consumption of gasoline by the Group’s vehicles amounted to approximately 5,440.99 litres. In order to effectively minimize the emissions from the use of vehicles, the Group adopted the following emission reduction measures:

1. Employees are encouraged to prioritise the use of public transport when attending external meetings or events, and only use Group vehicles when necessary, so as to reduce the use of private cars.
2. For events at nearby destinations, employees are actively encouraged to walk instead of using motorised transport.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. Video conferencing is available for both internal and external meetings, enabling employees and clients to conduct meetings remotely and reducing travel needs.
4. Regular vehicle inspections and tyre inflation are conducted to maintain proper tyre pressure, ensure efficient driving, and thereby reduce fuel consumption and exhaust emissions.
5. The Group promotes emission reduction measures through various channels and regularly organises environmental training to enhance employees' environmental awareness and sense of responsibility.

During the Reporting Period, emissions are as follows:

Types of Emissions ^(Note 1)	Units	2025
Nitrogen oxides	kg	7.68
Sulphur oxides	kg	0.08
Particulate matter	kg	0.57

Notes:

- (1) The calculation and emission factors are based on "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange ("Appendix 2").

ii. GHG Emission

The Group's primary greenhouse gas emission sources comprise direct emissions from the use of vehicles, indirect emissions from electricity consumption for office operations, and other indirect emissions generated from business travel and related activities. To achieve emission reduction targets, the Group has continuously implemented practicable measures and will sustainably track and monitor the effectiveness of the implemented measures to ensure emission reduction efforts are effectively delivered. For further details, please refer to the section "Addressing Climate Change – Indicators and Targets" in this report.

iii. Waste and Wastewater

Due to the nature of the business, the Group does not generate hazardous waste during our daily operations. The main source of the waste in the Group consists of non-hazardous wastes, for instance office paper and other household wastes.

The data of waste generated during the Reporting Period is as follows:

Waste		Units	2025
Non-hazardous waste^(Note 1)	Total amount	tonnes	2.86
	Recycled	tonnes	0.05
	Landfill	tonnes	2.81
	Intensity	tonnes/employee	0.08

Notes:

- (1) Non-hazardous waste is estimated based on the Group's daily office operations.

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The Group is committed to the proper management and disposal of waste and has implemented an “Environmental Protection Policy” that sets out clear procedures for the handling of various types of office waste and establishes a structured waste sorting system to facilitate recycling. The Group engages contractors on a regular basis to collect and recycle used toner cartridges, and provides dedicated recycling bins for the collection of waste paper, metal, plastic and other recyclable materials with the aim of minimising overall waste generation. For legacy computer equipment that remains in normal operation, the Group donates such assets to local charitable organisations following complete data formatting to safeguard information security.

To minimise waste generation and proactively promote environmental initiatives, the Group encourages employees to reuse envelopes, binders, folders and other office supplies to reduce resource wastage. Empty water bottles from office water dispensers are returned to the supplier for cleaning, disinfection and reuse, thereby reducing consumption of single-use plastics. In addition, the Group has been gradually phasing out single-use and non-recyclable products, replacing disposable cups and wooden chopsticks with reusable tableware to lower environmental impact. To achieve waste reduction at source, the Group regularly reviews the consumption of office materials to avoid excessive inventory and adopts a paperless office approach for centralised document management to reduce paper usage. The Group also circulates environmental information to employees on a regular basis to enhance their environmental awareness. For office equipment, the Group uses recyclable toner and ink cartridges and implements print access controls to monitor and regulate paper consumption. Computers and printers are pre-set to double-sided printing and ink-saving modes to optimise resource utilisation and achieve the goal of green office operations. These measures not only contribute to waste reduction but also demonstrate the Group’s commitment and responsibility to environmental protection.

The Group’s office premises are leased, and the water supply and drainage systems are managed centrally by the property management company. As wastewater discharge is directly related to water consumption, the Group has implemented various water-saving measures to reduce daily water usage, thereby indirectly lowering wastewater discharge. For instance, water-saving reminders are prominently displayed in washrooms to encourage employees to conserve water. Meanwhile, water-efficient taps and urinals bearing water-saving certification labels have been installed to further improve water efficiency. The Group’s wastewater is mainly generated from employees’ daily activities, including those from washrooms and pantries. All wastewater is discharged via the local municipal sewerage network and ultimately conveyed to wastewater treatment plants for centralised treatment to ensure compliance with environmental standards. Through the continuous implementation of water-saving initiatives, the Group has effectively reduced water consumption and made positive contributions to environmental protection and sustainable development.

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3.3 Resource Usage

The Group aims and highly focuses on the efficient use of resources in its daily operations. During the Reporting Period, the Group has complied with the relevant laws and regulations on energy use, including but not limited to the Water Pollution Control Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China.

i. Energy Usage

The Group's energy consumption mainly consists of direct energy use arising from fuel consumption for vehicles, and indirect energy use from purchased electricity. Recognising the importance of energy conservation, the Group has implemented the following energy-saving strategies to enhance environmental awareness among all employees and actively reduce electricity consumption in daily office operations.

Energy Conservation Measures

Office operation

- Use energy-efficient electronic equipment, including lighting fixtures, printers and air conditioners.
- Post reminders stating "Save electricity – please switch off lights when leaving" in prominent locations within the office.
- Set electronic equipment to sleep mode.

Air-conditioning system

- Maintain air-conditioning at a moderate temperature and switch off when not required.
- Avoid installing air-conditioning units in areas exposed to direct sunlight.
- Install sealing strips on doors and windows to prevent cooled air from escaping.
- Adopt a Centralised Control and Monitoring System (CCMS) or Building Management System (BMS) for operation and management.
- Apply ultraviolet-protective and heat-insulating film to windows to reduce heat absorption.
- Use energy-efficient air-conditioning units to lower power consumption.

Lighting system

- Keep lighting fixtures clean to enhance energy efficiency, and install independent switches for different lighting zones.
- Reduce the number of lighting fixtures in areas with sufficient natural light.
- Use energy-efficient lighting products, such as T5 fluorescent lamps and light-emitting diodes (LEDs).

The energy consumption performance is summarised as follows:

Type of Energy	Units	2025
Total energy consumption	MWh	86.48
Direct energy consumption^(Note 1)	MWh	52.73
Indirect energy consumption^(Note 2)	MWh	33.75
Energy consumption intensity	MWh/employee	2.40

Notes:

- (1) The direct energy consumption is calculated based on the actual consumption amount of vehicle fuel consumption. The conversion factors of fuel and energy units are adopted from the "Energy Statistics Manual" issued by the International Energy Agency.
- (2) The indirect energy consumption is calculated based on the actual consumption amount of purchased electricity by the Group for daily operations.

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ii. Water Resource Management

The nature of the Group's business determines that its water resource usage is primarily for domestic water consumption in daily office operations. As the water supply system of the office premises is centrally managed by the property management company and the building owner, the Group does not directly hold specific water consumption data, nor has it encountered any difficulties in accessing water resources. Daily water usage mainly includes purposes such as the pantry and washrooms. Nevertheless, the Group has always regarded water conservation and environmental protection as important responsibilities and has proactively implemented a series of water-saving measures to significantly reduce water consumption in daily life.

In terms of water conservation management, the Group has implemented a number of specific measures. Firstly, we regularly organise publicity and education activities on water conservation for employees to enhance their awareness of water saving. Secondly, water-saving slogans are posted in prominent locations in the office area to create an atmosphere of water conservation and encourage employees to practice water-saving behaviours in their daily work. In addition, the Group has established a regular inspection mechanism, including monitoring water meter readings and investigating hidden water leakage, to ensure the normal operation of the water supply system.

In terms of hardware facilities, the Group adopts advanced water-saving equipment, such as dual-flush toilets and infrared sensor taps, to reduce unnecessary waste. Once a damaged or leaking tap is found, the property management company will be notified immediately for repairs to ensure that the problem is resolved in a timely manner and water resource waste is avoided.

Through the above comprehensive measures, the Group has not only effectively reduced daily water consumption but also further strengthened employees' environmental awareness, making positive contributions to sustainable development. In the future, we will continue to explore more innovative water-saving solutions, further optimise water management, and contribute to environmental protection.

iii. Paper and Packaging Materials

During the reporting period, the Group actively implemented environmental protection measures, with continuous progress made particularly in reducing office paper usage. As the Group is not engaged in manufacturing operations and does not use any packaging materials, office paper is one of our major resource consumption items. During the Reporting Period, the total consumption of office paper was approximately 187.11 kilograms. To further reduce paper usage, we have taken a series of measures:

Improve paper utilisation

We encourage employees to reuse paper in daily work, such as using the reverse side of single-sided printed documents for secondary printing or as scratch paper. In addition, all computers and printers are pre-set to double-sided printing and ink-saving modes to minimise the consumption of paper and toner. Where feasible, employees are also advised to use smaller fonts or shrink-to-fit printing modes to reduce the number of pages and paper usage.

Promoting e-Office

We encourage employees to use electronic tools to handle official business as much as possible, transmitting information through email, internal communication platforms and other means to reduce reliance on paper documents. Meanwhile, we have introduced an internet fax system to effectively filter junk faxes and reduce unnecessary paper waste.

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Paper Recycling and Resource Recovery

Dedicated recycling stations are set up in the office to centrally collect various types of paper documents, including waste paper, posters, letters and envelopes. These papers are collected uniformly and sent to professional recycling organisations for processing, achieving resource recycling.

Through these measures, we have not only effectively reduced paper consumption but also enhanced employees' environmental awareness, further advancing the Group's sustainable development goals. In the future, we will continue to explore more environmental initiatives and strive to make greater progress in resource conservation and environmental protection.

3.4 The Environment and Natural Resources

The Group has long been committed to promoting sustainable environmental development and attaches great importance to the impact of its business operations on the environment and natural resources. The Group's current business activities do not involve environmental issues such as soil contamination, soil erosion or biodiversity conservation.

Through the implementation of an environmental protection management system, the Group proactively addresses environmental challenges and mitigates the negative environmental impact of its operations. We have adopted measures including the classified treatment of waste, resource conservation (such as the efficient use of electricity, water and paper), and the promotion of electronic communication to reduce paper consumption. Meanwhile, the Group enhances employees' environmental awareness through donating used equipment and fostering an environmentally conscious culture. These initiatives aim to lower resource consumption, reduce environmental impact and drive sustainable development, while enhancing the Group's corporate social responsibility image and creating a greener and healthier working environment for employees and the community.

3.5 Tackling Climate Change

Climate change represents a major global challenge facing the world today. The Group pays close attention to the various impacts arising from climate change and fully integrates climate-related considerations into its strategic planning. Starting from this report (i.e., the financial year 2025), the Group will disclose climate-related information based on the four pillars of governance, strategy, risk management, and metrics and targets, in accordance with the relevant requirements set out in Appendix C2 of the Listing Rules.

i Governance

The Group has fully integrated climate-related risks and opportunities into our governance structure at all levels. As the top governing body, the Board of Directors is responsible for formulating and implementing sustainable development management policies and strategies, and retains full authority for the review, decision-making, management and oversight of relevant matters. To ensure orderly management of climate-related issues, the Board includes them in regular meetings for discussion at least once a year, focusing on the Group's climate-related risks and opportunities and assessing whether management has implemented effective response measures to mitigate the impact of climate change. The Board also reviews and monitors progress against climate targets annually and revises relevant strategies as appropriate to ensure alignment with the Group's overall strategy. In addition, when overseeing the Group's strategies, major transaction decisions, risk management procedures and related policies, the Board proactively incorporates identified climate-related risks and opportunities into our assessments and considers relevant trade-offs.

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To ensure the Board possesses the professional expertise required to fulfil our oversight responsibilities, the Group actively supports directors in strengthening their knowledge and capabilities in climate-related areas, including providing professional learning resources, organising dedicated internal training, and facilitating directors' participation in climate-related training and seminars organised by external professional institutions. These initiatives continuously enhance the Board's ability to judge climate risks and opportunities and keep abreast of the latest developments.

Under the Board's strategic oversight, the Board has delegated day-to-day climate-related governance responsibilities to management. Management's core duties include implementing strategic objectives, monitoring the progress of the Group's climate-related actions and plans in line with the strategy, and reporting on climate-related assessments, thereby strengthening the Group's climate resilience. Relevant control requirements and implementation processes have been fully integrated into the policies of all business departments, enabling the Group to proactively identify potential climate-related risks and opportunities, make data-driven decisions, and deliver actionable climate action plans.

ii Strategy

The Group strives to enhancing the resilience of our business against climate change and has therefore refined our risk assessment process to analyse the potential impacts of climate change on our business and value chain, so as to evaluate and formulate optimal response measures. To advance relevant work and address the limitations of previous risk assessment processes in identifying long-term climate impacts, the Group conducted our first comprehensive climate scenario analysis in the financial year 2025. The analysis covered physical risks, transition risks and opportunities, with detailed screening and assessment performed for each category of risks and opportunities.

- Physical risks: Risks associated with the physical impacts of climate change, which may be driven by acute events (acute risks) or caused by long-term shifts in climate patterns (chronic risks).
- Transition risks: Risks associated with the transition to a low-carbon economy, which may involve policy, legal, technological and market changes to address mitigation and adaptation needs related to climate change.

To comprehensively analyse climate-related risks and opportunities that may arise during business development, the Group takes into account factors such as global temperature rise pathways, climate policy changes and the time horizon of impacts. Accordingly, the Group has adopted scenario models and relevant parameters from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) and the Phase 5 Public Report of the Network for Greening the Financial System (NGFS). The selected climate scenarios are consistent with the nature of the Group's industry and strategic objectives, and align with China's "Dual Carbon" strategy and the Hong Kong SAR Government's target of achieving carbon neutrality by 2050. Furthermore, the Group expects that climate-related risks and opportunities will have material impacts over the short, medium and long terms, covering the periods 2030, 2040 and 2050 respectively. These time horizons are determined based on the Group's operating budget cycle and business planning cycle.

In this scenario analysis, the Group assumes that emission reduction-related policies and reporting boundaries remain unchanged over the time horizon of potential risk impacts. The table below sets out the selected climate scenario models, covering both low-emission and high-emission scenarios, to provide a more comprehensive understanding of the various impacts of climate change on the Group.

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Scope	Consistent with the reporting scope, which covers the Group's operations in Hong Kong.
Scenario Analysis Models Adopted	<p>For physical risk analysis, the IPCC scenario framework is applied:</p> <ul style="list-style-type: none"> • Shared Socioeconomic Pathway (SSP) 1-2.6: Global warming reaches 2.0° C. The social, economic and clean energy transition processes of governments remain consistent with historical trends. Stringent policies will intensify transition risks faced by enterprises, while physical risks remain at a significant level. • Shared Socioeconomic Pathway (SSP) 5-8.5: Global warming exceeds 4.0° C. Governments delay climate action, emission reduction and adaptation efforts stall, and supporting policies are insufficient, ultimately triggering extreme climate impacts and increasing both short-term and long-term physical risks for enterprises. <p>For transition risk analysis, the NGFS scenario framework is applied:</p> <ul style="list-style-type: none"> • 2050 Net Zero scenario: Governments implement strict climate policies early to limit global warming to 1.5° C by reducing energy demand, developing low-carbon technologies and other measures, aiming to achieve global net-zero CO₂ emissions by 2050. • Current Policies scenario: Only existing climate policies are maintained, leading to continued growth in greenhouse gas emissions. Global warming is projected to exceed 3.0° C, resulting in severe physical risks.

The Group recognises that combining quantitative and qualitative analysis supports a more complete assessment of climate-related risks and opportunities. However, as relevant operational data is spread across business units and there are no accepted and consistent industry calculation standards, the Group cannot reliably prepare various cross-industry climate indicators in a reasonable and cost-effective way. In addition, the Group's climate-related actions form part of daily operations (for example, monitoring new climate regulations), with no separately identifiable part for addressing climate-related risks and opportunities. Therefore, the Group also cannot provide quantified data on current and expected financial impacts.

Even though, the Group has identified the core financial impacts of its main climate risks and opportunities, and provides detailed qualitative disclosure in the table below. At the same time, the Group is actively improving its internal data integration systems and scenario modelling capabilities to gradually enhance the detail of climate-related quantitative disclosure. If there are material changes to operational strategies in the future, the Group will promptly disclose their quantified impacts on financial position, operating performance and cash flows.

The Group has identified six climate-related risks and opportunities through scenario analysis. Detailed qualitative assessment of these risks and opportunities is set out in the table below.

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Qualitative Description of Risk and Opportunity Assessment Results:

Physical Risks				
Risk Category	Key Affected Area	Materiality Level	Impact on Business	Impact on Financial Performance
Acute Extreme weather events	Group's operations in Hong Kong	Short-Term (2030)	Business Model: <ul style="list-style-type: none"> Disruption of daily operations and staffing shortages at operating sites due to commuting difficulties, leading to interruption of core business 	Increased costs: <ul style="list-style-type: none"> higher emergency repair and operational contingency costs due to climate disaster disruptions Revenue loss: <ul style="list-style-type: none"> decline in service revenue and lower core business income from temporary closure and delayed service delivery
		Medium-Term (2040)		
Chronic Changes in precipitation patterns		Long-Term (2050)	Value Chain: <ul style="list-style-type: none"> Supply chain disruptions and warehouse damage caused by extreme weather, affecting order fulfillment capability, customer experience and brand image 	

Transition Risks				
Risk Category	Key Affected Area	Materiality Level	Impact on Business	Impact on Financial Performance
Change in Market Demand Shifting consumer preference toward sustainable products and consumption patterns affecting purchasing decisions, with risk of substitution by low-carbon products	Group's operations in Hong Kong	Short-Term (2030)	Business Model: <ul style="list-style-type: none"> Loss of environmentally conscious customers and risk of low-carbon substitution, impacting core business 	Increased costs: <ul style="list-style-type: none"> higher operating expenses from product selection adjustment, service upgrade and technology Revenue decline: <ul style="list-style-type: none"> lower income from customer loss and product substitution
		Medium-Term (2040)		
		Long-Term (2050)	Value Chain: <ul style="list-style-type: none"> Mismatch between existing partnership, product selection and service standards and low-carbon market requirements, reducing competitiveness 	
Tightening of policies and regulations New requirements on carbon tax, ESG disclosure and sustainability-related regulations		Short-Term (2030)	Business Model: <ul style="list-style-type: none"> Need to comply with local low-carbon and ESG requirements; non-compliance may trigger reputational damage and weaken customer trust 	Compliance penalties: <ul style="list-style-type: none"> financial fines for non-disclosure Increased governance costs: <ul style="list-style-type: none"> investment in carbon accounting tools, reporting system upgrade and sustainable packaging Higher business costs: <ul style="list-style-type: none"> pass-through of suppliers' carbon costs, squeezing profit margins
		Medium-Term (2040)		
		Long-Term (2050)	Value Chain: <ul style="list-style-type: none"> Potential price increases from suppliers due to higher carbon costs Mandatory carbon emission tracking and disclosure across operations, increasing management complexity 	

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Opportunity					
Opportunity Category	Key Affected Area	Materiality Level	Impact on Business	Impact on Financial Performance	
Operational efficiency improvement	Group's operations in Hong Kong	Short-Term (2030)	●	Business Model: <ul style="list-style-type: none"> Reduced reliance on grid energy and enhanced operational resilience Value Chain: <ul style="list-style-type: none"> Optimised office operations through energy-saving systems 	Utility cost savings: <ul style="list-style-type: none"> lower electricity expenses improving operating margin
		Medium-Term (2040)	●		
		Long-Term (2050)	●		
Expansion of green product promotion services	Group's operations in Hong Kong	Short-Term (2030)	●	Business Model: <ul style="list-style-type: none"> Enhanced sustainable brand image, attracting low-carbon-focused customers through differentiated competition and upgrading brand positioning Value Chain: <ul style="list-style-type: none"> Expanded sustainable partners and optimised product portfolio to match market changes; upgraded promotional content 	Revenue growth: <ul style="list-style-type: none"> improved earnings from targeted customer alignment, driving overall business growth
		Medium-Term (2040)	●		
		Long-Term (2050)	●		

Note: ● To be handled in accordance with existing standard procedures ● Subject to ongoing monitoring and follow-up ● Management strategies must be formulated, implemented and followed up

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Mitigation Measures for Risks and Opportunities:

Risk Category	Mitigation Measures
Extreme Weather Events	<ul style="list-style-type: none"> • Purchase comprehensive insurance for other assets • Establish relevant crisis and emergency management plans and special working arrangements in “Employee Handbook”
Changes in precipitation patterns	
Change in Market Demand	<ul style="list-style-type: none"> • Evaluate and optimise partner and product selection criteria, and explore alignment of service standards with market low-carbon requirements • Consider conducting surveys on customers’ low-carbon service needs to support business adjustments
Tightening of policies and regulations	<ul style="list-style-type: none"> • Closely monitor international climate governance trends and relevant policies and regulations relating to business operations, and regularly identify, assess and manage potential climate-related risks and opportunities • Track regulatory updates and drive internal compliance implementation • Strengthen communication and negotiation with suppliers to jointly share pressure from rising carbon costs
Opportunity Category	Response Measures
Operational efficiency improvement	<ul style="list-style-type: none"> • Optimise operation of on-site air conditioning, lighting and other systems to reduce energy consumption • Assess the feasibility of adopting renewable energy to reduce reliance on traditional grid electricity
Expansion of green product promotion services	<ul style="list-style-type: none"> • Evaluate the potential of expanding low-carbon partners and optimise the direction of green business development • Study the feasibility of participating in industry green certifications to enhance the brand’s low-carbon image

Currently, the Group has not yet formulated a climate related transition plan, but has allocated human resources and internal funding to implement the above series of mitigation and response measures. The resource efficiency measures disclosed in the previous reporting period have also been fully implemented. During the Reporting Period, the Group has clearly identified material Scope 3 categories relevant to our operations and has comprehensively promoted decarbonisation actions and climate resilience development. Within the Reporting Period, the Group did not have any capital expenditure, financing or investment dedicated to addressing climate-related risks and opportunities. In addition, the Group has implemented the emission reduction and response measures disclosed in the previous reporting period at all operating locations.

Despite the proactive measures mentioned above, the Group still faces several significant uncertainties that may affect the effective implementation of climate resilience-related plans in the future. These factors include the unclear update pace of global and regional climate policies, changes in market consumer demand for green products, the continuously evolving speed and severity of the physical impacts arising from climate change, as well as the uncertain implementation timing and regulatory stringency of future climate-related regulatory requirements applicable to the Group. Notwithstanding such variables, the Group possesses sound adaptive capabilities and may flexibly adjust its strategies and business models in the short, medium and long term regarding climate change issues. Such adaptive capabilities have been integrated into the Group’s daily strategic planning and operational management systems, ensuring that the Group may promptly optimise our operational priorities, operational processes and industrial chain collaboration models in response to the evolution of climate risks, adjustments in regulatory policies and changes in market conditions.

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Looking ahead, the Group will continue to monitor climate-related risks and opportunities, evaluate the effectiveness of emission reduction measures and adjust strategies according to operational performance, and follow up on the progress of various climate-related initiatives through routine monitoring. The Group will also optimise emission reduction and response measures as needed based on operational results and external climate developments. The above arrangements will guide the orderly implementation of various climate actions and further strengthen the Group's adaptive resilience in addressing the challenges of climate change.

iii Risk Management

The Group has fully integrated the identification, assessment, prioritisation and management processes of climate-related risks and opportunities into our overall risk management framework and systems, embedding climate risk management into daily operations to ensure the Group effectively responds to the challenges posed by climate change. Such integration is consistent with the Group's existing risk management structure, and no material adjustments were made to the risk management processes during the Reporting Period.

Throughout the risk management process, the Group considers parameters including the location and type of assets, historical impacts of extreme weather events, and energy consumption patterns, while analysing public climate scenario data and internal data such as operational logs. Below is the Group's climate-related risk and opportunity management process:

1. Identification	By examining climate change trends, domestic and overseas industry developments, technological changes, conducting peer benchmarking and considering stakeholder views, the Group carries out climate-related scenario analysis combined with its own operating conditions and business characteristics. Through various research, benchmarking and analytical exercises, the Group comprehensively and objectively identifies potential climate-related risks and opportunities across all its business locations in Hong Kong, ensuring that the risk and opportunity register covers all key stages of the end-to-end business process.
2. Assessment	The Group conducts a comprehensive assessment to analyse the potential impacts of climate-related risks and opportunities on our business model, value chain and financial performance, as well as their likelihood and magnitude of impact. The assessment uses consistent data and parameters as in the identification stage and covers the same reporting scope and business processes.
3. Prioritisation	Based on the assessment results of climate-related risks and opportunities, the Group prioritises the identified items according to their likelihood and impact. This prioritisation process is aligned with the Group's overall risk management framework and business objectives.
4. Monitoring	The Group's Management regularly evaluates and monitors the identified climate-related risks and opportunities, as well as the effectiveness of the corresponding mitigation and response measures. The Management also provides regular updates to the Board on the identification, assessment and management of climate-related risks and opportunities, thereby strengthening the Board's oversight of risk and opportunity management and ensuring the effective implementation of risk mitigation and opportunity-capturing initiatives.

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iv Metrics and Targets

The Group regards enhancing climate resilience and adopting a sustainable operating model as core strategic priorities. We have been committed to aligning its sustainable development goals and related action plans with global sustainability standards. The Group takes China's "Dual Carbon" strategy and Hong Kong's carbon peaking and carbon neutrality targets as our key benchmarks, which also serve as important underpinnings for China's fulfilment of its obligations under the Paris Agreement.

To align with these climate frameworks, the Group continuously pursues decarbonisation through the optimisation of operational processes. At this stage, the Group has no plans to use carbon credits for carbon offsetting, nor have we set any climate-related targets, including internally established, third-party verified, and science-based decarbonisation targets in line with industry methodologies. The Board will conduct annual reviews to monitor the implementation of ESG key performance indicators and the effectiveness of implemented decarbonisation measures, while continuously assessing the maturity of the Group's decarbonisation efforts to determine when and whether target-setting becomes feasible. The Board will also closely monitor developments in the carbon credit market and relevant policies to support the Group in exploring the use of such tools as supplementary measures at an appropriate time to advance its long-term carbon neutrality objectives.

In addition, during the Reporting Year, the Group conducted identification, assessment and inventory of GHG to effectively manage our GHG emissions. The exercise covered the Group's operations in Hong Kong. The quantification of Scope 1 and Scope 2 emissions was completed in accordance with the requirements of the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)". The Group also completed preliminary mapping of Scope 3 emission sources by reference to the "Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)".

Based on the Group's core operations, estimated emission scale, data availability and peer research results, the following categories are included in the Group's Scope 3 emissions quantification:

- Category 5: Waste generated in operations
- Category 6: Business travel

During the Reporting Period, greenhouse gas emissions were as follows:

GHG ^(Note 1-2)	Unit	2025
Total GHG emissions	tCO ₂ e	48.80
Scope 1: Direct emissions ^(Note 3)	tCO ₂ e	14.52
Scope 2: Indirect emissions ^(Note 4)	tCO ₂ e	20.25
Scope 3: Other indirect emissions ^(Note 5)	tCO ₂ e	14.03
GHG emission intensity	tCO ₂ e/employee	1.36

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Notes:

- (1) The Group adopts the operational control approach for the calculation of greenhouse gas emissions. This method defines the accounting scope based on the Group's control rights over operational policies for various business activities. It not only more accurately reflects the Group's actual responsibility in carbon emission management but also helps strengthen the monitoring and management of greenhouse gas emissions, ensuring alignment between the calculation results and the Group's sustainable development objectives.
- (2) The Group's methodology for calculating greenhouse gas emissions is formulated in accordance with the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)". The emission factors used in the calculation are based on Appendix II: Environmental Key Performance Indicators Reporting Guidelines issued by the Stock Exchange, as well as the Hong Kong Building (Commercial, Residential and Institutional) Greenhouse Gas Emissions and Removals Accounting and Reporting Guidelines jointly issued by the Environmental Protection Department and the Electrical and Mechanical Services Department of Hong Kong. The Group's greenhouse gas accounting covers carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). For improved data readability, emissions are presented in the unified unit of tonnes of carbon dioxide equivalent (tCO₂e).
- (3) Scope 1 direct emissions arise from the Group's daily vehicle fuel use. The emission factors used in the calculation are based on Appendix II: Environmental Key Performance Indicators Reporting Guidelines issued by the Stock Exchange.
- (4) Scope 2 indirect emissions result from the consumption of purchased energy by the Group. The emission factors used in the calculation are sourced from The Hongkong Electric Company, Limited.
- (5) Scope 3 other indirect emissions cover indirect emissions generated outside the Group, including Category 5: Waste generated in operations – domestic waste and waste paper and Category 6: Business travel – air travel. The emission factors adopted for Category 5 are based on Appendix II: Environmental Key Performance Indicators Reporting Guidelines issued by the Stock Exchange and The Department for Environment, Food and Rural Affairs (Defra) in the UK, while those for Category 6 are based on the carbon emissions calculator of the International Civil Aviation Organization (ICAO). The increase in Scope 3 emissions during the Reporting Period compared with last year was mainly due to the inclusion of general waste under the waste category this year, whereas only paper waste was included last year.

The Group's strategic focus is on optimising core business performance and creating long-term value, which is consistent with our current risk management approach. At present, the Group has not yet incorporated an internal carbon pricing mechanism or climate-related factors into its remuneration policy or governance structure. This is mainly because such factors have not demonstrated a direct and material relevance to the Group's industry, current operational priorities or financial decision-making requirements. The Group will continue to monitor developments in climate-related metrics, industry best practices and the application of internal carbon pricing, and actively assess the feasibility of integrating these factors into our governance framework and remuneration policy when conditions are mature.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Employment Practices

The Group regards employees as the cornerstone of its operation and development. Therefore, we place high priority on staff training and welfare, and is committed to providing a quality working environment. The Group offers competitive remuneration and good promotion opportunities to facilitate employees' career development. We have adopted a range of policies and measures covering employment systems, occupational health and safety, training and development, and labour standards, with a view to achieving mutual growth between employees and the Group.

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We aim to attract and retain talent by fostering a safe and equitable working environment for our employees, providing development opportunities, and promoting their health and well-being. The Group has developed a “Employee Handbook” in accordance with relevant labour legislation, which sets out the Group’s standards on remuneration and termination, recruitment and promotion, working hours, statutory leave, social insurance, and other rights and benefits. The Group strictly complies with the Employment Ordinance of Hong Kong and other laws and regulations relating to employment and equal opportunities.

During the reporting period, the Group strictly complied with Hong Kong’s labour laws and related regulations, and there were no violations related to employment that had a significant impact on the Group. As of December 31, 2025, the total number of employees² was 36. The employee distribution is as follows:

Employment Indicators (Number of Employees (Proportion))	2025
By gender	
Male	19 (53%)
Female	17 (47%)
By age group	
Below 30	6 (17%)
30 – 50	25 (69%)
Above 50	5 (14%)
By geographical regions	
Hong Kong	10 (28%)
Mainland China	21 (58%)
Southeast Asia (Thailand & Singapore)	2 (6%)
East Asia (Japan)	1 (3%)
North America (Canada)	1 (3%)
Western Europe	1 (3%)
By employment type	
Permanent	34 (94%)
Temporary	2 (6%)

² The total number of employees covers the entire Group’s employee data, including employees in Hong Kong, Mainland China, Thailand, Singapore, Japan, Canada and Western Europe.

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The total employee turnover rate³ of the Group during the Year was 28%, and its turnover rate by category is as follows:

Turnover Rate Indicators	2025
By gender	
Male	43%
Female	12%
By age group	
Below 30	33%
30 – 50	32%
Above 50	0%
By geographical region	
Hong Kong	13%
Mainland China	47%
Southeast Asia (Thailand & Singapore)	0%
East Asia (Japan & Korea)	67%
North America (Canada & USA)	0%
Western Europe	0%

i. Talent Recruitment and Retention

Employees are the core assets of the Group in maintaining competitiveness and achieving success. We uphold a fair, impartial and open talent selection system, and continue to enhance the system to attract outstanding individuals to join the Group. When filling vacancies, we follow the principle of “internal priority before external recruitment”, giving preference to internal promotion and job transfer to provide development opportunities for existing employees. Meanwhile, the Group conducts external recruitment through various channels, including recruitment websites, talent markets, headhunting firms and employee referrals. We ensure the recruitment process is fair, open and transparent, and strictly select candidates based on objective criteria such as relevant working experience, professional skills, academic qualifications, communication skills and personal attributes, in order to recruit the most suitable talent.

The Group adheres to the employment principle of valuing both moral integrity and professional competence, using conduct, knowledge, ability and performance as the key assessment criteria to fully utilise and retain talent. The Group makes appropriate annual salary adjustments based on employees' performance to reduce staff turnover.

³ The total employee turnover rate covers employee data for the entire Group, including employees in Hong Kong, Mainland China, Thailand, Singapore, Japan, Canada, and Western Europe.

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ii. Remuneration and Benefits

The Group provides employees with reasonable and competitive salaries and employee benefits, and implements salary adjustments and position promotions based on their work performance and the results of regular performance appraisals. The Group strictly complies with relevant laws and regulations in the jurisdictions where it operates, including but not limited to the Employment Ordinance (Cap. 57), the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and the Employees' Compensation Ordinance (Cap. 282) of Hong Kong, the Labour Contract Law of the People's Republic of China, the Canada Labour Code, the Labour Protection Act of Thailand, the Employment Guidelines of Singapore, and the Labour Standards Act of Japan. The Group timely pays the statutory "Five Insurances and One Fund", namely five types of social insurance including pension insurance, medical insurance, unemployment insurance, maternity insurance and work-related injury insurance, as well as the housing provident fund, the Mandatory Provident Fund, labour insurance and other benefits in accordance with the law. Meanwhile, employees of the Group enjoy additional medical benefits covering outpatient services, traditional Chinese medicine and hospitalisation subsidies. In addition to basic statutory holidays, the Group also provides employees with additional leave including marriage and compassionate leave, maternity leave, work injury leave, annual leave, family planning leave and paternity leave. The Group also provides employees with additional benefits such as discretionary bonuses, festival gifts or cash gifts, long-service awards, overtime leave in lieu or allowances, as well as transportation and business travel subsidies to enhance employees' sense of belonging to the Group, foster a positive and harmonious working atmosphere and strengthen corporate cohesion.

Furthermore, the Group organises various social activities such as monthly birthday parties and annual dinners to further promote team integration and employee care, enrich employees' lives, strengthen cultural exchange and enhance overall cohesion and solidarity.

iii. Equal Opportunity and Diversity

As a company embracing diversity, we are committed to creating an equal, inclusive and respectful working environment for every employee. We recognise that a diverse team is the source of corporate innovation and development, and therefore we firmly oppose any form of discrimination, harassment or unfair treatment. In all aspects including recruitment, training, promotion, transfer, remuneration and benefits, as well as contract termination. We strictly comply with applicable laws and regulations in the jurisdictions where we operate, including the Employment Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance of Hong Kong, and the Labour Law of the People's Republic of China, to ensure that all employees enjoy equal career opportunities. We have formulated and implemented a Personnel Management policy that explicitly requires fair treatment of every employee in all work processes, including recruitment, remuneration, training opportunities, work assignment, promotion and disciplinary actions. We firmly believe that all individuals should enjoy equal rights and opportunities regardless of age, gender, physical condition, marital status, family status, race, colour, nationality, religion, political background or sexual orientation.

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The Group attaches great importance to the career development of female employees and ensures that they enjoy equal promotion opportunities with male employees in the workplace. We are committed that female employees will not receive unfair treatment due to pregnancy, maternity leave or breastfeeding periods, and their basic salary and rights will be fully protected. The Group also organises employee training on equality and anti-discrimination to actively promote the concept of diversity and inclusion. In addition, our office in Thailand proactively employs LGBTQ+⁴ colleagues (LGBTQ+ includes lesbian, gay, bisexual, transgender, queer, intersex, asexual and other individuals with non-conforming sexual orientations, gender identities and gender expressions not listed above), demonstrating respect and support for diverse groups through concrete actions. The Group understands that respecting and including minority groups is not only a corporate responsibility but also an important force driving social progress.

The Group will continue our efforts to ensure that every employee can work in an environment free from bias and discrimination. We are committed to ensuring that all employees feel respected and supported regardless of their background. We will continue to build an equal, friendly and dynamic workplace where every employee can realise their personal value and grow together with the Group.

iv. Dismissal Policy

Regarding the Group's policy on the dismissal of employees, in cases where an employee has committed serious misconduct and failed to improve after repeated warnings, the employee's supervisor and the Group's management will conduct thorough internal discussions before making any dismissal decision, and the employee will be given the opportunity to present representations and explanations. The reasons for dismissal will be clearly communicated to the employee, and the entire dismissal process will be carried out in strict compliance with applicable laws and regulations.

v. Employee Communication

The Group values communication with its employees and recognises the importance of employee care and well-being. We believe that maintaining close contact with employees enables us to better understand their needs and concerns. Notices and announcements of the Group are disseminated through the intranet, email or other appropriate channels to facilitate communication between employees and management. Meanwhile, the Group holds monthly team briefings, where employees may raise questions or provide feedback, to which managers and senior management will respond and provide guidance. In addition, information on the corporate structure, culture and other relevant details is explained in detail to employees upon their on-boarding. The Group has also established a comprehensive human resources management system and reporting mechanism to ensure open communication and standardised management.

vi. Working Hours and Rest Periods

The Group strictly formulates its policies in compliance with relevant laws and regulations in the jurisdictions where it operates, including but not limited to the Employment Ordinance of Hong Kong, the Labour Contract Law of the People's Republic of China, the Fair Labour Standards Act of the United States, the Canada Labour Code, the Labour Protection Act of Thailand, the Employment Guidelines of Singapore, the Labour Standards Act of Japan and the Working Time Directive of the European Union, to regulate employees' working hours and rest periods. Where employees are required to work overtime for operational reasons, the Group will provide corresponding financial compensation in accordance with applicable regulations.

⁴ LGBTQ+ covers people who are lesbian, gay, bisexual, transgender, queer, intersex, asexual, and any other non-normative sexual orientation, gender identity, and gender expression not mentioned above

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4.2 Health and Safety

The Group has always placed the highest priority on the health and well-being of our employees. Although the Group's business is mainly clerical in nature with no high-risk work positions, we recognise that employees' health and safety require continuous attention and maintenance even in an office environment. Considering that employees use computers for extended periods, the Group will further strengthen health and safety awareness and education. Specific measures include: promoting the safe use of office equipment, advocating proper working postures, displaying safety reminders, and providing information on preventing common occupational health issues such as eye strain and neck problems. Guidance is also provided to employees on how to respond to emergencies such as fires. In addition, the Group will regularly organise health seminars or workshops with professional instructors to help employees develop healthy working habits and further reduce the risk of injuries or occupational illnesses. Meanwhile, the Group has established a clear and effective reporting mechanism for hazards, injuries and illnesses. In the event of such incidents, the Company will promptly investigate the root causes and implement appropriate improvement measures. The Group believes that these measures will not only enhance employees' health awareness but also create a safer and more comfortable working environment, enabling employees to perform at their best and achieve mutual growth between individuals and the Group.

The Group encourages employees to undergo regular occupational health check-ups before and after joining the Group and during their employment, so that potential health problems can be identified and treated at an early stage. In addition, if employees contract infectious diseases, the Group will promptly arrange for them to rest and receive medical treatment, and require relevant departments to implement isolation measures. Where necessary, vaccination will be arranged for employees without sufficient antibodies. First-aid kits are regularly available in the office, and necessary personal protective equipment is provided.

Over the past three years (including the Reporting Period), the Group has not recorded any work-related fatalities or injuries, nor any lost workdays due to work injuries. During the reporting period, the Group complied with all laws and regulations relating to the provision of a safe working environment, with no related violations recorded.

4.3 Development and Training

The Group values the continuous development of our employees and is strived to growing together with them. The Group has established a comprehensive training system that defines the management responsibilities of departmental training coordinators and relevant policies, and provides appropriate learning and training programmes for employees to continuously enhance their professional knowledge and skills. We also provide regular internal training on various topics for employees, including intellectual property protection and customer service, an introduction to ESG and its importance, market trends and supply chain management. This helps employees gain a deeper understanding of the Group's business and cross-departmental operations, promotes inter-departmental collaboration, and supports employees in their career planning and personal development from a broader perspective.



Employees' Internal Training

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In addition to providing internal training and relevant assessments, the Group encourages and sponsors employees to participate in paid training courses organised by external institutions to enhance their job-related knowledge and skills. All licensed employees are required to complete continuing professional development programmes in accordance with professional requirements and submit supporting documentation to the Company. Under the Staff Handbook, the Group provides eligible employees with sponsorship of not less than 30% of the total training fees, as well as annual sponsorship of up to \$3,000 for professional membership fees. Furthermore, the “Employee Handbook” specifies the training and development policies for new employees, including training arrangements, curriculum design and systematic delivery of required knowledge, to facilitate their integration into the working environment. The training topics cover a wide range to meet the needs of employees in different departments. During the reporting period, the Group conducted training courses on workplace safety, aiming to enhance employees’ safety awareness, ensure a healthy and safe office environment, and reduce the incidence of occupational diseases and accidents. The training covered proper use of office equipment, adjustment of the working environment, and practical advice on fire prevention and other safety incidents. Training-related data during the Reporting Period are as follows:

Training Indicators⁵	2025
Average number of hours of training (percentage of employees trained)	12 (100%)
By Gender	
Male	13 (100%)
Female	11 (100%)
By employee category	
Senior	25 (100%)
Middle	12 (100%)
Junior	11 (100%)

To effectively evaluate employees’ performance and potential, the Group has established a fair and competitive environment for advancement, encouraging employees to enhance their work quality and capabilities. Employees may also apply for inter-departmental transfers according to their personal development needs.

⁵ The training data covers the entire Group, including employees in Hong Kong, Mainland China, Thailand, Japan, Canada and Western Europe.

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4.4 Labour Standards

The Group strictly complies with applicable laws and regulations and maintains a zero-tolerance stance on the employment of child labour and any form of forced or compulsory labour, and firmly prohibits such practices that are banned under international standards and relevant legislation. During the recruitment process, applicants are required to present identity documents to ensure they meet the statutory working age. In the event that a child is inadvertently employed, the Group will immediately suspend the employment, contact the child's parents or legal guardians, bear all relevant expenses, and arrange for the child to return to their place of residence as soon as possible.

The Group prohibits the employment of forced labour by any means and ensures that all employment is based on a voluntarily signed employment contract. The employment contract clearly stipulates that employees have the right to refuse hazardous work; employees may immediately terminate the contract and claim corresponding financial compensation if they are subjected to forced labour through violence, threat or unlawful restriction of personal freedom. The Group also does not compel employees to work overtime, and provides financial compensation for any overtime work required for business purposes. In the event of a labour dispute, employees may report the matter to the Human Resources Department of the Group for record-keeping, or escalate the issue to management through the reporting mechanism.

During the Reporting Period, no non-compliance regarding child labour, forced or compulsory labour has been recorded by the Group in our operation.

5. OPERATIONAL MANAGEMENT

5.1 Supply Chain Management

i. Supplier Selection and Cooperation

The Group firmly believes that building a sustainable supply chain and enhancing interaction and communication with suppliers help strengthen the trust of customers and other stakeholders in the Group. To this end, we only maintain long-term cooperative relationships with partners such as suppliers, logistics providers and banks that have sound credit, good reputation, high-quality products and services and a reliable track record. For suppliers, we adhere to the selection of those with product quality assurance, contractual integrity and business ethics, and conduct a comprehensive assessment on factors including product quality, relevant licences, on-time delivery and product diversity to manage potential social risks in the supply chain. During the reporting period, the Group had a total of 23 suppliers providing products and services to the Group. The number of suppliers increased compared with last year, mainly due to the Group's expansion into new business areas.

Supplier Indicator	2025
Suppliers by countries/regions	
Hong Kong	14
China	5
Singapore	1
Uganda	1
Thailand	2

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ii. Supplier Management Measures

To ensure service quality and enhance supply chain sustainability, the Group considers the ESG policies of all its suppliers when managing them. We regularly review suppliers' performance, and for those that fail to meet the requirements, the Group will terminate its cooperative relationship with them. During the reporting period, the Group did not identify any non-compliance issues with its suppliers. The Group's supplier management measures include:

ESG Policy Assessment

- Examine whether the supplier has appropriate environmental, social and governance policies covering emissions, resource use, environment and natural resources, health and safety, staff development and training, prevention of child labor, product responsibility and anti-corruption.

Quality Assessment

- The Group will continue to conduct regular quality inspections as well as unscheduled surprise quality inspections on suppliers' products to ensure that the products and services provided by the suppliers meet the Group's high standards.

Decentralized procurement

- The adoption of decentralized procurement ensures the stability of product supply and reduces risks.

Acceptance criteria and procedures

- Detailed acceptance criteria and procedures for each type of product are established and clearly set out in the procurement contract to ensure strict compliance by the supplier.

5.2 Product Responsibility

i. Product Responsibility

The Group is committed to providing efficient and high-quality services to customers. Our core objective is to gain the full trust of customers and assist them in making informed choices by providing comprehensive information. To continuously enhance service quality, the Group conducts on-site and regular visits to fully understand customers' actual needs and development plans, thereby building long-term and stable partnerships. This not only supports the economic development of the regions where we operate but also indirectly promotes employment in those areas. Meanwhile, the Group actively collects customer feedback through follow-up calls to ensure timely handling and response to customer suggestions. During the Reporting Period, the Group did not record any product recalls related to safety or customer complaints.

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In addition to strictly controlling product selection and supply chain management before sales, the Group also classifies potential incidents that may endanger public health and safety after sales into general, major and serious incidents according to the level of impact. Corresponding to each level of incident, responsible personnel at all levels of the Group must take timely measures to mitigate risks and harm to the community.

Rankings of product liability incidents	Allocation of responsibility by positions
General	To be handled under the authorisation and instruction of the person in charge of the relevant business department
Significant	To be handled jointly by the person in charge of the relevant business department and the Group management
Severe	To be handled by a joint team formed by the Group management and insurance company

ii. Quality Control

The Group places the highest priority on customer health and safety, and full compliance with product responsibility is one of our core operational principles. To ensure product quality and safety, we implement a series of stringent measures in supplier management, quality control and after-sales service.

Supplier Selection and Audit

The Group has established a strict supplier qualification review mechanism to ensure that business partners possess valid Business Licences and all necessary compliance documents. We only establish partnerships with parties capable of supplying high-quality genuine products. At the same time, we evaluate suppliers based on multiple factors including audit reports, product quality performance and the effectiveness of their quality assurance systems to ensure they meet the Group's high standards. For suppliers with repeated quality defects, we conduct in-depth reviews of their overall quality systems and require improvement within a specified timeframe to ensure continuous enhancement of product quality.

Product Quality Inspection

In accordance with the quality control standards for different products, the Group has established strict quality inspection procedures to ensure all products comply with relevant laws, regulations and internal quality standards. We sign agreements with suppliers that include quality assurance clauses to ensure strict quality control at every stage from raw materials to finished products. In addition, we conduct regular reviews of suppliers to ensure their ongoing compliance with our quality requirements.

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After-sales Service

If customers have any doubts regarding product quality, the Sales Management Department will fully cooperate with customers to conduct investigations and ensure timely resolution of issues. To safeguard customer health and safety, the Group has established a comprehensive product return and replacement process. Returned and replaced products are mainly categorised into “quality-related reasons” and “non-quality-related reasons”. All such products are subject to strict approval and verification procedures. For products returned or replaced due to quality issues, we conduct a thorough analysis to assess whether other batches are involved and determine whether a recall of relevant batches is necessary. Returned products that fail to meet quality requirements are collected and processed. Products confirmed to be deteriorated or non-compliant are destroyed and scrapped to ensure they do not enter the market.

Legal Compliance and Product Liability

The Group strictly complies with the product liability provisions under applicable laws and regulations, including the Product Quality Law of the People’s Republic of China, the Shenzhen Special Economic Zone Product Quality Management Regulations, the Product Liability Acts of Thailand, Japan and South Korea, the Consumer Protection (Fair Trading) Act of Singapore, and the Product Liability Directive of the European Union. During the reporting period, the Group did not identify any illegal or non-compliant cases related to product liability, nor any product recalls due to safety or health issues. In addition, the Group received no complaints regarding products or services, and no cases of customer data leakage, theft or loss were recorded.

The Group is committed to enhancing product quality and service standards to effectively safeguard customer health and safety. Through strict supplier management, a comprehensive quality control system and an effective customer complaint handling mechanism, we ensure that all stages from production to sales meet high standards. Going forward, we will continue to strengthen product quality management and improve customer satisfaction to ensure that every customer can enjoy safe and reliable products and services, further strengthening the Group’s reputation and competitiveness in the market.

iii. Privacy Protection and Intellectual Property Rights

The Group attaches great importance to the privacy protection of customers, internal employees, data, external partners and suppliers. Confidentiality guidelines for both internal and external parties have been established to demonstrate our firm commitment to privacy matters.

In the course of business operations, the Group processes a substantial amount of data relating to third parties. The Group firmly believes that information security and privacy are fundamental principles of its operations. To this end, the Group requires all employees to sign an employee confidentiality undertaking, confirming that they understand and agree to the confidentiality responsibilities and obligations they bear in respect of customer data. Furthermore, all information is restricted to authorised business activities only. Unauthorised disclosure of such information to external parties by an employee shall be regarded as data theft, and the relevant employee shall bear corresponding liability.

During the Reporting Period, no violation of laws and regulations relating to privacy protection and intellectual property rights has been identified.

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5.3 Anti-corruption

i. Anti-corruption Policy

The Group upholds sound corporate governance principles and requires all employees to perform their duties with integrity, professionalism and ethical conduct. Zero tolerance is applied to any form of corruption or bribery. We ensure that all interactions with customers, suppliers, contractors, job applicants, colleagues or any other third parties comply with legality and regulatory requirements, strictly adhere to all applicable laws and regulations, and maintain the highest standards of integrity at all times.

In line with our principle of honest operation, the Group strictly complies with the Prevention of Bribery Ordinance of Hong Kong and other relevant legislation. We have formulated and implemented an Anti-Corruption Policy, and is committed to integrating anti-corruption policies and monitoring procedures into all aspects of operations. The policy explicitly prohibits any form of bribery or corruption, including but not limited to gifts, credit cards, cash coupons, free trips or travel allowances, and various types of valuable items. We also provide clear guidelines and approval procedures for employees regarding the acceptance of gifts, hospitality and remuneration. To ensure effective implementation of the policy, the Group conducts regular internal audits and bribery and corruption risk assessments to identify and mitigate potential risks. The Company supports employees in participating in charitable activities, provided that such activities comply with applicable laws and regulations, and that charitable donations do not influence business decisions or create conflicts of interest. Employees shall not represent the Company's position on any social or political occasions, nor use the Company's brand, time or assets to seek benefits for any political party or organisation.

During the Reporting Period, the Group strictly enforced laws and regulations relating to anti-corruption, bribery, extortion, fraud and money laundering in the jurisdictions where it operates, including the Anti-Money Laundering Law of the People's Republic of China, China's Anti-Corruption and Integrity Promotion initiatives, the Prevention of Bribery Ordinance of Hong Kong, the Corruption of Foreign Public Officials Act of Canada, the Anti-Corruption Act of Thailand, the Penal Code of Japan and the EU Anti-Fraud Directive. With reference to the above laws and regulations, the Group has established an Anti-Money Laundering Policy, which requires business personnel to fully understand the background of potential customers through document verification and communication in accordance with internal guidelines before establishing business relationships. The Finance Management Department continuously collects information on existing customers' fund purposes, repayment sources and business conditions for risk management, and updates such information regularly. Any abnormal findings are reported immediately to senior management.

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To strengthen employees' awareness of integrity and professional ethics, employees are required to undergo regular training on anti-corruption, business ethics and anti-fraud to enhance their understanding of the code of conduct and relevant policies. For instance, legal and regulatory compliance requirements are explained before employee social events to raise anti-corruption awareness, strengthen professional ethics and promote integrity standards when dealing with public officials. In addition, the Group's "Employee Handbook" clearly sets out basic anti-corruption principles and requires employees to properly manage conflicts of interest. For example, employees must avoid using their authority to seek personal gain when selecting suppliers, and must declare and recuse themselves from handling matters involving the interests of relatives. During the reporting period, the Group provided one-hour anti-corruption policy training for all 2 directors and 24 employees, covering policy content and reporting mechanisms. The Group actively promotes a culture of integrity and encourages all employees to report incidents of corruption through open investigation procedures, while protecting whistle-blowers from retaliation. To foster an open, accountable and ethical culture, disciplinary action will be taken against non-compliant behaviour. Cases involving suspected corruption or other criminal offences will be referred to the relevant government authorities. During the Reporting Period, the Group had no concluded corruption-related litigation cases.

ii. Reporting mechanism management system

To effectively prevent incidents of corruption, the Group has formulated and implemented the "Reporting Mechanism Management System", which aims to establish a sound internal control and risk management system and enhance transparency and corporate governance standards. The mechanism provides employees with secure and confidential reporting channels, such as dedicated mailboxes and email addresses, encouraging them to report any suspicious behaviour in a timely manner to ensure the Group's operational compliance and ethical standards. The Group commits to strict confidentiality of the content of reports and the identity of whistle-blowers for employees and all stakeholders of the Company. No disclosure shall be made without consent, except as required by law, ensuring that employees may raise concerns with confidence. All reports are followed up and investigated by a professional team. This whistle-blowing mechanism facilitates the early identification and resolution of potential issues, reduces the Group's legal and financial risks, and promotes the sustainable development of the Group.

6. COMMUNITY INVESTMENT

The Group recognises the importance of giving back to society and actively fulfils its corporate social responsibility. We care about the developmental needs of underprivileged and other vulnerable groups in society, and spare no effort to contribute to the community. The Group provides employment opportunities for persons with disabilities and gives priority to their recruitment. We also give preference to suppliers that participate in relevant support programmes. The Group actively encourages employees to participate in community and environmental activities in person, contributing to society through various forms to jointly promote social harmony and sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case Sharing 1 – Community Care: Spreading Warmth

During the Year, the Group donated daily necessities including toothpaste to residents and families affected by the fire at Wang Fuk Court, Tai Po, providing practical support to meet urgent community needs. We firmly believe that enterprises should take responsibility during times of difficulty. Through material donations and care, we offered substantial assistance to affected families and conveyed warmth and support. Going forward, we will continue to monitor community needs, actively participate in public welfare activities, fulfil corporate citizenship obligations, and build an inclusive and supportive social environment.



Donation of supplies to residents affected at Wang Fuk Court

Case Sharing 2 – Inheriting the Millennium Wisdom of Traditional Chinese Medicine, Conveying the Core Spirit of the Brand

During the Year, the Group continued to participate in various public events and cultural promotion activities. Through carefully designed booths and promotional displays, we presented the brand's unique cultural heritage and modern image. During the events, we showcased a wide range of high-quality products covering health care, traditional Chinese medicine wellness, herbal skincare and other sectors. The excellent quality and user experience gained popularity and recognition among the public. Through on-site interaction and experience sharing, the public gained a better understanding of the brand philosophy and product advantages. This not only effectively enhanced brand awareness and reputation but also strengthened the connection with consumers, laying a solid foundation for the brand's sustainable development and market expansion.



Event Brand Exhibition Area

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case Sharing 3 – Expansion in Local and Overseas Markets

During the Year, the Group continued to deepen our presence in local and overseas markets, using traditional Chinese medicine culture as a bridge to advance the internationalisation of our brand and products. Leveraging our strong research and development capabilities and competitive advantages in traditional Chinese medicine, the Group successfully entered multiple local and overseas sales channels and gained popularity among local consumers, effectively promoting the integration of traditional Chinese medicine culture with international markets. Meanwhile, we actively expanded our distribution network with retailers in Hong Kong and major overseas e-commerce platforms. Supported by strong customer ratings, packaging quality and delivery performance, we gained high recognition from both platforms and consumers, reflecting our strict quality and service standards.

Integrated online and offline marketing has further strengthened our brand influence and market share, supporting the Group's global strategy and fostering cultural exchange between China and other countries.



Brand Promotion

Case Sharing 4 – Bank of China (Hong Kong) Hong Kong-Zhuhai-Macao Bridge (Hong Kong Section) Half Marathon Challenge

During the Year, the Group sponsored the Bank of China (Hong Kong) Hong Kong-Zhuhai-Macao Bridge (Hong Kong Section) Half Marathon Challenge. As a major sponsor, we provided race packs to participants, offering comprehensive health support to runners. The event attracted strong public attention and extensive media coverage. The participation of distinguished guests and public figures further enhanced the Group's brand exposure and visibility. This sponsorship successfully associated the Group with a healthy, active and energetic image, which not only strengthened the brand's market position but also created additional business opportunities for our products.



Event Highlight

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. APPENDIX: CONTENT INDEX OF “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE”

Key Scope, Dimensions, General Disclosures and Key Performance Indicators		Corresponding Section	Pages
Environment			
A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Targets; Emission	P52-P54
KPI A1.1	The types of emissions and respective emissions data.	Emission	P52-P54
KPI A1.2	(Deleted on January 1, 2025)		
KPI A1.3	Total hazardous waste produced and intensity.	Emission	P53
KPI A1.4	Total non-hazardous waste produced and intensity.	Emission	P53
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets; Emission	P52-P54
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Targets; Emission	P52-P54
A2: Resource Usage			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Targets; Resource Usage	P52, P55-P57
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Resource Usage	P55
KPI A2.2	Water consumption in total and intensity.	Resource Usage	P55
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Targets; Resource Usage	P52, P55-P57
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Targets; Resource Usage	P52, P56
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Resource Usage	P56-P57

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Scope, Dimensions, General Disclosures and Key Performance Indicators		Corresponding Section	Pages
A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources	P57
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources	P57
A4: Climate Change			
General Disclosure	(Deleted on January 1, 2025)		
KPI A4.1	(Deleted on January 1, 2025)		
Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Practices	P65-P69
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment Practices	P66
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Practices	P67
B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	P70
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety	P70
KPI B2.2	Lost days due to work injury.	Health and Safety	P70
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	P70

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Key Scope, Dimensions, General Disclosures and Key Performance Indicators		Corresponding Section	Pages
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	P70-P71
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training	P71
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	P71
B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	P72
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	P72
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards	P72
Operating Practices			
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	P72-P73
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	P72
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	P72-P73
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	P72-P73
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	P72-P73

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Key Scope, Dimensions, General Disclosures and Key Performance Indicators		Corresponding Section	Pages
B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	P73-P75
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	P73
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility	P70-P75
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	P75
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility	P73-P75
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility	P75
B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	P76-P77
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption	P77
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption	P76-P77
KPI B7.3	Description of anti-corruption training provided to directors and employee.	Anti-corruption	P76-P77

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Scope, Dimensions, General Disclosures and Key Performance Indicators		Corresponding Section	Pages
Community			
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	P77-P79
KPI B8.1	Focus areas of contribution. (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	P77-P79
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	P77-P79

Climate Disclosures		Corresponding Section	Page
Governance	Governance	Tackling Climate Change	P57-P58
Strategy	Climate-related Risks and Opportunities	Tackling Climate Change	P58-P63
	Business Model and Value Chain		
	Strategy and Decision-making		
	Financial Condition, Financial Performance and Cash Flow		
	Climate Resilience		
	Financial Impacts of Climate-related Risks and Opportunities		
Risk Management	Risk Management	Tackling Climate Change	P63
Metrics and Targets	GHG Emissions	Tackling Climate Change	P64-P65
	Climate-related Transition Risks		
	Climate-related Physical Risks		
	Climate-related Opportunities		
	Capital Operations		
	Internal Carbon Pricing		
	Remuneration		
	Industry Indicators		
	Climate-related Targets		
	Cross-industry Indicators and Industry specific Indicator Applicability		

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YNBY INTERNATIONAL LIMITED

雲白國際有限公司

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of YNBY International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 88 to 147, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

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

INDEPENDENT AUDITOR'S REPORT

IMPAIRMENT ASSESSMENT OF TRADE RECEIVABLES

Refer to Note 22 to the consolidated financial statements

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of HK\$348,779,332 as at 31 December 2025 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures for granting credit limits and credit terms to customers;
- Evaluating the group's relationship with customers and its transaction records;
- Reviewing the group's impairment and expected credit loss assessment;
- Evaluating the aging of receivables;
- Assessing the creditworthiness of customers, incorporating forward-looking information on industry trends and macroeconomic conditions;
- Examining subsequent settlements with customers;
- Evaluating the group's disclosure of credit risk in the consolidated financial statements;
- Assessing the competence, independence and integrity of the external valuer engaged by the Group; and
- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model.

We consider that the Group's impairment test for trade receivables is supported by the available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Lee Chi Sum

Audit Engagement Director

Practising Certificate Number P08391

Hong Kong, 13 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$	2024 HK\$
Revenue	7	1,108,176,541	754,930,252
Cost of sales		(1,056,876,705)	(688,915,550)
Gross profit		51,299,836	66,014,702
Other income, gains and losses	8	1,925,477	(111,573)
Net (allowance)/reversal of allowance for expected credit losses	11	(954,618)	327,956
Selling and distribution costs		(11,460,062)	(8,596,999)
Administrative expenses		(30,895,111)	(31,029,064)
Profit from operations		9,915,522	26,605,022
Finance costs	9	(351,169)	(2,715,935)
Share of loss of a joint venture		–	(5,334)
Profit before tax		9,564,353	23,883,753
Income tax expense	10	(4,984,324)	(5,763,482)
Profit for the year attributable to owners of the Company	11	4,580,029	18,120,271
Other comprehensive income/(expenses)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,791,850	(1,334,634)
Total comprehensive income for the year attributable to owners of the Company		6,371,879	16,785,637
Earnings per share attributable to ordinary equity owners of the Company	13		
Basic (HK cents per share)		0.06	0.27
Diluted (HK cents per share)		0.05	0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$	2024 HK\$
Non-current assets			
Property, plant and equipment	16	2,406,625	3,116,483
Right-of-use assets	17	8,082,123	10,362,478
Investment in a joint venture	18	–	10,593
Deferred tax asset	19	1,124,631	–
		11,613,379	13,489,554
Current assets			
Inventories	20	3,517,243	7,019,811
Trade receivables	22	348,779,332	114,871,673
Loan and interest receivables	23	–	–
Other receivables, deposits and prepayments	24	29,718,936	11,327,644
Tax recoverable		989,449	8,789,697
Cash and cash equivalents	25	198,007,251	212,482,172
		581,012,211	354,490,997
Current liabilities			
Trade and other payables	26	193,249,034	61,272,089
Contract liabilities	27	2,154,448	1,791,573
Amount due to a shareholder	28	27,947,524	30,946,177
Tax payable		1,673,938	–
Bank borrowings	29	–	2,159,734
Lease liabilities	31	4,106,182	3,937,541
		229,131,126	100,107,114
Net current assets		351,881,085	254,383,883
Total assets less current liabilities		363,494,464	267,873,437

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$	2024 HK\$
Non-current liabilities			
Lease liabilities	31	4,017,802	6,432,959
Other payables	26	1,500,000	1,500,000
		5,517,802	7,932,959
NET ASSETS			
		357,976,662	259,940,478
Capital and reserves			
Share capital	32	75,999,142	67,999,142
Reserves		281,977,520	191,941,336
TOTAL EQUITY			
		357,976,662	259,940,478

Approved by:

Dong Ming
Director

Tang Ming
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company						
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Convertible bond reserve HK\$	Exchange reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2024	67,999,142	1,085,013,367	176,000	56,168,231	(1,118,808)	(965,083,091)	243,154,841
Profit for the year	-	-	-	-	-	18,120,271	18,120,271
Exchange difference arising on translating foreign operations	-	-	-	-	(1,334,634)	-	(1,334,634)
Total comprehensive (expenses)/income for the year	-	-	-	-	(1,334,634)	18,120,271	16,785,637
At 31 December 2024	67,999,142	1,085,013,367	176,000	56,168,231	(2,453,442)	(946,962,820)	259,940,478
At 1 January 2025	67,999,142	1,085,013,367	176,000	56,168,231	(2,453,442)	(946,962,820)	259,940,478
Profit for the year	-	-	-	-	-	4,580,029	4,580,029
Exchange difference arising on translating foreign operations	-	-	-	-	1,791,850	-	1,791,850
Total comprehensive income for the year	-	-	-	-	1,791,850	4,580,029	6,371,879
Issue of shares on placement, net of share issue costs (note 32)	8,000,000	83,664,305	-	-	-	-	91,664,305
At 31 December 2025	75,999,142	1,168,677,672	176,000	56,168,231	(661,592)	(942,382,791)	357,976,662

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$	2024 HK\$
Cash flows from operating activities		
Profit before tax	9,564,353	23,883,753
Adjustments for:		
Depreciation – property, plant and equipment	878,217	898,849
Depreciation – right-of-use assets	4,113,200	4,145,783
Loss on write-off of property, plant and equipment	–	18,598
Gain on termination of lease	(13,275)	–
Share of net loss of a joint venture	–	5,334
Net allowance/(reversal of allowance) for expected credit losses	954,618	(327,956)
Finance costs	351,169	2,715,935
Bank interest income	(1,505,841)	(287,763)
Impairment loss on inventories	–	95,591
Exchange difference	24,532	587,552
Operating cash flows before working capital changes	14,366,973	31,735,676
Change in inventories	3,502,568	32,630,700
Change in trade receivables	(233,328,379)	(6,229,228)
Change in loan and interest receivables	–	327,956
Change in other receivables, deposits and prepayments	(18,128,821)	2,351,786
Change in trade and other payables	130,030,207	(16,914,079)
Change in contract liabilities	351,205	(2,489,031)
Cash generated from operations	(103,206,247)	41,413,780
Income tax refunded/(paid), net	3,332,709	(5,618,240)
Net cash flows (used in)/generated from operating activities	(99,873,538)	35,795,540

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$	2024 HK\$
Cash flows from investing activities		
Bank interest received	1,505,841	287,763
Net cash flow from deregistration of a joint venture	10,593	–
Repayments from a joint venture	–	68,455
Purchases of property, plant and equipment	(164,234)	(215,061)
Net cash flows generated from investing activities	1,352,200	141,157
Cash flows from financing activities		
Issue of shares, net of share issue costs	91,664,305	–
Interest paid	(351,169)	(739,994)
New bank borrowing raised	–	2,159,734
Repayments of bank borrowings	(2,183,002)	(17,491,918)
Capital element of lease liabilities paid	(4,067,132)	(3,690,975)
Change in amount due to a shareholder	(3,000,000)	(1,500,000)
Net cash flows generated from/(used in) financing activities	82,063,002	(21,263,153)
Net (decrease)/increase in cash and cash equivalents	(16,458,336)	14,673,544
Effect of foreign exchange rate changes	1,983,415	(1,515,664)
Cash and cash equivalents at beginning of year	212,482,172	199,324,292
Cash and cash equivalents at end of year	198,007,251	212,482,172
Analysis of cash and cash equivalents		
Bank and cash balances	198,007,251	212,482,172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company was incorporated in the Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is at 32/F, Cambridge House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Yunnan Baiyao Group Co., Limited ("Yunnan Baiyao Group"), a company incorporated in China and listed on The Shenzhen Stock Exchange, is the ultimate holding company of the Company.

The principal activity of the Company is investment holding. The Group is principally engaged in trading of goods and commodities.

2. APPLICATION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. MATERIAL ACCOUNTING POLICIES

Statement of compliance

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

The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest dollar except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of key assumptions and estimates. It also requires the management of the Group to exercise their judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

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

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

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

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

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly, in accordance with the HKFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Joint arrangements (CONTINUED)

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentation currency

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

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

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

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

(c) Translation on consolidation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

Furniture and fixtures	25.0-33.3%
Computer equipment	33.3%
Leasehold improvement	20.0%
Motor vehicles	16.7%

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

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

Leases

The Group as lessee

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

Land and buildings	25.0-50.0%
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Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to its present location and condition, is calculated using the first-in, first-out method. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

Recognition and derecognition of financial instruments

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

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

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

Financial assets

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

Financial assets of the Group are classified as financial assets at amortised cost.

Financial assets at amortised cost

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand with banks.

Financial liabilities and equity instruments

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

Trade and other payables

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

Convertible bonds

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Convertible bonds (CONTINUED)

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

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

Borrowing

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

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

Equity instruments

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

Revenue from contracts with customers

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

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

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

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

Other revenue

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits

(a) Employee leave entitlements

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

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

(b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on 5% of the employees' relevant income, subject to a ceiling of monthly relevant income of HK\$30,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also participates in a defined contribution retirement scheme organised by the government in the People's Republic of China (the "PRC"). The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are deducted from the carrying amount of the assets. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation charge.

Repayment of a grant related to income is applied first against any unamortised deferred income set up in respect of the grant. To the extent that the repayment exceeds any such deferred income, or where no deferred income exists, the repayment is recognised immediately in profit or loss. Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

Share-based payment transactions

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 Company or of a parent of the Company.
- (B) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. 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 parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business.

Individually material operating segments 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 nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets except deferred tax assets, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY ESTIMATES

Key sources of estimation uncertainty

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

(a) Property, plant and equipment and depreciation

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

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade, loan and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

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

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

(e) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY ESTIMATES (CONTINUED)

(f) Recognition of deferred tax assets

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 and tax losses can be utilised, and is measured at the tax rates that are expected to apply when the related deferred income tax assets are realised. In determining the deferred tax assets to be recognised, management is required to estimate the future applicable tax rate for each entity within the Group at each tax jurisdiction and the profitability of each entity, so as to estimate the future utilisation of tax losses. Any difference between these estimates and the actual outcome will impact the Group's results in the period in which the actual outcome is determined. As at 31 December 2025, the carrying amount of deferred tax assets amounted to approximately HK\$1,124,631 (2024: nil).

5. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade receivables, loan and interest receivables, other receivables and deposits, cash and cash equivalents, trade and other payables, bank borrowings, lease liabilities and amount due to a shareholder. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments including market risk (currency risk and interest rate risk), credit risk and liquidity risk. According to the Group's risk management policies and guidelines, the financial risk shall be assessed continuously by the management taken into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which the Group is exposed to are described below.

(a) Credit risk

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

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from related companies is closely monitored by the directors.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

A quantitative disclosures in respect of the Group's exposure to credit risk arising trade receivables are set out in notes 22 to the consolidated financial statements.

The Group is subject to the credit risk from the recoverability of loan and interest receivables, trade receivables, other receivables and deposits. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at each reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk in relation to loan and other receivables is significantly reduced.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. The Group does not provide any guarantees which would expose the Group to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (CONTINUED)

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

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

Loan and interest receivables

In order to minimise the credit risk arising from money lending business, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The team monitors customers' repayment ability, requests the customers to provide collaterals and reviews the fair value of the collaterals. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. 4% (2024: 4%) of the total loan and interest receivables as at 31 December 2025 was due from the largest borrower from the money lending segment and 21% (2024: 21%) of the total loan and interest receivables as at 31 December 2025 was due from the five largest borrowers from the money lending segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (CONTINUED)

Loan and interest receivables (CONTINUED)

	12m ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit- impaired)	Total
At 31 December 2025				
ECL rate	0.00%	0.00%	100%	100%
Gross carrying amount (HK\$)	–	–	476,547,811	476,547,811
Lifetime ECL (HK\$)	–	–	(476,547,811)	(476,547,811)
	–	–	–	–
	12m ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit- impaired)	Total
At 31 December 2024				
ECL rate	0.00%	0.00%	100%	100%
Gross carrying amount (HK\$)	–	–	476,547,811	476,547,811
Lifetime ECL (HK\$)	–	–	(476,547,811)	(476,547,811)
	–	–	–	–

Movement of allowance for ECL is as follows:

	12m ECL HK\$	Lifetime ECL (not credit impaired) HK\$	Lifetime ECL (credit- impaired) HK\$	Total HK\$
At 1 January 2024	–	–	476,875,767	476,875,767
Reversal of allowance for ECL	–	–	(327,956)	(327,956)
At 31 December 2024, 1 January 2025 and 31 December 2025	–	–	476,547,811	476,547,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (CONTINUED)

Trade receivables

The Group has concentration of credit risk as 28% (2024: 26%) and 79% (2024: 69%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively, at 31 December 2025.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

	Within 90 days	91–180 days	181–365 days	Over 365 days	Total
At 31 December 2025					
ECL rate	0.03%	0.68%	0.00%	17.39%	
Gross carrying amount (HK\$)	323,068,995	22,564,061	–	4,101,065	349,734,121
Lifetime ECL (HK\$)	(88,240)	(153,483)	–	(713,066)	(954,789)
					348,779,332
At 31 December 2024					
ECL rate	0%	0%	0%	0%	
Gross carrying amount (HK\$)	111,298,165	3,573,508	–	–	114,871,673
Lifetime ECL (HK\$)	–	–	–	–	–
					114,871,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (CONTINUED)

Trade receivables (CONTINUED)

Movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach ECL, is as follows:

	HK\$
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Provision for loss allowance during the year	954,618
Exchange realignment	171
At 31 December 2025	954,789

Deposit

For deposit relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group recognised the provision for ECL by assessing the credit risk characteristics of debtor, discount rate and the likelihood of recovery and considering the prevailing economic conditions. The Group has not recognised any impairment loss (2024: nil) in respect of deposit for the year ended 31 December 2025. The expected credit loss rate for deposit is nil (2024: nil). The management of the Group believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

The loss allowance for ECL on other receivables is as follows:

	12m ECL HK\$	Lifetime ECL (not credit impaired) HK\$	Lifetime ECL (credit- impaired) HK\$	Total HK\$
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	–	–	298,824,733	298,824,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

In the management of liquidity risk, the Directors monitor and maintain a level of bank balances deemed adequate to finance the Group's operations, investment opportunities and expected expansion. The Group finances its working capital requirements mainly by the funds generated from operations and from funds raising activities such as obtaining of new borrowings and issuance of new shares.

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

At 31 December 2025

	On demand or less than 1 year HK\$	1-5 years HK\$	Total contractual undiscounted cash flow HK\$	Carrying amounts HK\$
Trade and other payables	193,249,034	1,500,000	194,749,034	194,749,034
Amount due to a shareholder	27,947,524	–	27,947,524	27,947,524
Lease liabilities	4,321,404	4,090,791	8,412,195	8,123,984
	225,517,962	5,590,791	231,108,753	230,820,542

At 31 December 2024

	On demand or less than 1 year HK\$	1-5 years HK\$	Total contractual undiscounted cash flow HK\$	Carrying amounts HK\$
Trade and other payables	61,272,089	1,500,000	62,772,089	62,772,089
Amount due to a shareholder	30,946,177	–	30,946,177	30,946,177
Bank borrowings	2,210,911	–	2,210,911	2,159,734
Lease liabilities	4,247,699	6,647,632	10,895,331	10,370,500
	98,676,876	8,147,632	106,824,508	106,248,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk

The Group's interest-bearing bank deposits, lease liabilities and bank borrowings bear interest at fixed interest rate and therefore are subject to fair value interest rate risks.

The Group is exposed to cash flow interest rate risk mainly in relation to variable-rate bank balances. Sensitivity of the Group's profit for the period to a reasonable change in the interest rate is assessed to be immaterial.

(d) Currency risk

(i) Exposure to currency risk

The Group has sales and purchases denominated in foreign currencies, which exposes the Group to foreign currency risk. The Group's sales and purchases are principally transacted in the HK\$, United States dollars ("USD") and Renminbi ("RMB"). Expenses incurred are generally denominated in HK\$ and RMB, which are the functional currencies of the group entities operating in Hong Kong and the PRC, respectively. The currency giving rise to this risk is primarily USD, RMB, Euro ("EUR"), Japanese yen ("JPY"), Swiss franc ("CHF"), Singapore dollar ("SGD") and Canadian Dollar ("CAD") (2024: USD, RMB, EUR, JPY, CHF and SGD). The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the major monetary assets and monetary liabilities denominated in a foreign currency, other than the functional currencies of the respective group entities, at the end of the reporting period are as follows:

At 31 December 2025

	Exposure to foreign currencies (expressed in HK\$)						
	USD	RMB	EUR	JPY	CHF	SGD	CAD
Trade receivables	158,533,534	5,468,937	385,140	-	-	-	-
Other receivables and deposits	2,776,930	-	-	-	-	-	-
Cash and cash equivalents	9,739,629	239,193	110,964	25,302	179,145	7,120	4,784
Trade and other payables	(68,771,137)	(1,761,086)	-	-	-	-	-
	102,278,956	3,947,044	496,104	25,302	179,145	7,120	4,784

At 31 December 2024

	Exposure to foreign currencies (expressed in HK\$)						
	USD	RMB	EUR	JPY	CHF	SGD	CAD
Trade receivables	28,625,585	13,005,732	418,387	-	-	-	-
Other receivables and deposits	4,873,247	349,745	-	-	-	-	-
Cash and cash equivalents	29,774,238	3,070,496	1,748,195	73,601	189,866	1,429	-
Trade and other payables	(1,265,678)	(7,212,330)	-	-	-	-	-
	62,007,392	9,213,643	2,166,582	73,601	189,866	1,429	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Currency risk (CONTINUED)

(ii) Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in a foreign currency and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis excludes balances which are denominated in the USD for entities with HK\$ as their functional currencies since the USD are pegged to HK\$.

	As at 31 December 2025		As at 31 December 2024	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax
RMB	5% (5%)	164,789 (164,789)	5% (5%)	384,670 (384,670)
EUR	5% (5%)	20,712 (20,712)	5% (5%)	90,455 (90,455)
JPY	5% (5%)	1,056 (1,056)	5% (5%)	3,073 (3,073)
CHF	5% (5%)	7,479 (7,479)	5% (5%)	7,927 (7,927)
SGD	5% (5%)	297 (297)	5% (5%)	60 (60)
CAD	5% (5%)	200 (200)	5% (5%)	- -

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group's profit after tax and equity measured in the respective functional currencies, translated in to HK\$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Categories of financial instruments

	2025 HK\$	2024 HK\$
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)		
– Trade receivables	348,779,332	114,871,673
– Loan and interest receivable	–	–
– Financial assets included in other receivables and deposits	27,735,433	10,217,367
– Cash and cash equivalents	198,007,251	212,482,172
	574,522,016	337,571,212
Financial liabilities:		
Financial liabilities measured at amortised cost		
– Financial liabilities included in trade and other payables	194,749,034	62,772,089
– Amount due to a shareholder	27,947,524	30,946,177
– Bank borrowings	–	2,159,734
– Lease liabilities	8,123,984	10,370,500
	230,820,542	106,248,500

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2025 and 2024.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. REVENUE

	2025 HK\$	2024 HK\$
Trading of goods and commodities	1,108,176,541	754,930,252

Disaggregation of revenue from contracts with customers:

	2025 HK\$	2024 HK\$
<u>Geographical markets</u>		
Hong Kong	695,047,017	329,338,814
The People's Republic of China	378,057,805	391,016,876
Others	35,071,719	34,574,562
Total	1,108,176,541	754,930,252
<u>Timing of revenue recognition</u>		
At a point in time	1,108,176,541	754,930,252

General trading

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

8. OTHER INCOME, GAINS AND LOSSES

	2025 HK\$	2024 HK\$
Bank interest income	1,505,841	287,763
Commission income	242,522	–
Loss on write-off of property, plant and equipment	–	(18,598)
Government subsidy	3,112	131,419
Impairment of inventories	–	(95,591)
Exchange loss	(24,532)	(587,552)
Gains on termination of lease	13,275	–
Other income	185,259	170,986
	1,925,477	(111,573)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. FINANCE COSTS

	2025 HK\$	2024 HK\$
Effective interest expense on convertible bond (Note 30)	–	1,975,941
Interest expenses on bank borrowings	18,046	282,375
Interest expenses on lease liabilities	333,123	457,619
Finance costs expensed	351,169	2,715,935

10. INCOME TAX EXPENSE

	2025 HK\$	2024 HK\$
Current tax – PRC Enterprise Income Tax (“EIT”)		
– Charge for the year	5,457,565	5,246,682
– Under provision in prior years	343,492	516,800
Current tax – Hong Kong Profits Tax		
– Charge for the year	307,898	–
Deferred tax (note 19)	(1,124,631)	–
	4,984,324	5,763,482

(a) Hong Kong profits tax:

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

(b) The PRC enterprise income tax:

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% during the Reporting Period (2024: 25%). Certain subsidiaries were qualified as “small Low-profit Enterprise” and entitled to a tax relief policy. The portion of annual taxable income amount of a small Low-profit Enterprise which does not exceed RMB3 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. INCOME TAX EXPENSE (CONTINUED)

The reconciliation between the income tax expense and profit before tax multiplied by the tax rate applicable to losses in the countries concerned is as follows:

	2025 HK\$	2024 HK\$
Profit before tax	9,564,353	23,883,753
Notional tax credit on profit before income tax, calculated at the rates applicable to profits in the countries concerned	3,484,337	5,869,704
Tax effect on share of loss of a joint venture	–	880
Tax effect on non-deductible expenses	556,886	434,707
Tax effect on non-taxable income	(257,719)	(71,748)
Under provision in prior years	343,492	516,800
Tax effect of utilisation of tax losses not previously recognised	(1,545,171)	(784,398)
Tax effect on tax losses not recognised	2,668,692	89,446
Tax effect of temporary differences not recognised	105,135	67,744
Statutory tax concession*	(371,328)	(359,653)
Income tax expense	4,984,324	5,763,482

* Certain subsidiaries in the PRC were qualified as "Small Low-profit Enterprise". From 1 January 2023 to 31 December 2027, the qualifying deduction of their actual taxable income would be uniformly reduced to 25% of the actual taxable income, and such reduced taxable income would continue to be subject to the preferential enterprise income tax rate of 20% (resulting in an effective tax rate of 5%); while the taxable income of these qualifying enterprises which is more than RMB3 million would no longer apply the aforementioned preferential deduction and tax rate and shall be subject to the statutory enterprise income tax rate of 25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. PROFIT FOR THE YEAR

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

	2025 HK\$	2024 HK\$
Depreciation		
– right-of-use assets (Note 17)	4,113,200	4,145,783
– property, plant and equipment (Note 16)	878,217	898,849
	4,991,417	5,044,632
Auditor's remuneration		
– audit service	1,800,000	1,900,000
– non-audit service	380,000	400,000
	2,180,000	2,300,000
Cost of inventories sold	1,056,876,705	688,915,550
Net allowance/(reversal of allowance) for expected credit losses :		
– allowance for ECL on trade receivables	954,618	–
– reversal of allowance for ECL on loan and interest receivables	–	(327,956)
	954,618	(327,956)
Expenses relating to short-term lease	293,636	530,403
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	20,275,365	16,869,674
– retirement benefits scheme contributions	347,015	326,044
	20,622,380	17,195,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

(a) Directors' and chief executives' emoluments

	For the year ended 31 December 2025				
	Fees HK\$	Basic salaries HK\$	Contributions to defined contribution retirement plans HK\$	Discretionary bonus (note (4)) HK\$	Total HK\$
Executive directors					
Dong Ming (note (1))	-	-	-	-	-
Liu Zhouyang (note (2))	-	358,710	6,726	450,000	815,436
Tang Ming	-	2,300,004	18,000	1,300,004	3,618,008
Liu Huaiyu (note (3))	-	681,290	11,274	-	692,564
Non-executive directors					
Qian Yinghui (note (1)&(2))	-	-	-	-	-
Huang Bin	336,000	-	-	-	336,000
He Tao (note (1)&(3))	-	-	-	-	-
Independent non-executive directors					
Cecilia Wai Bing Pang	360,000	-	-	-	360,000
Cheung Hoi Yu	360,000	-	-	-	360,000
Wong Hin Wing	360,000	-	-	-	360,000
	1,416,000	3,340,004	36,000	1,750,004	6,542,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (CONTINUED)

(a) Directors' and chief executives' emoluments (CONTINUED)

	For the year ended 31 December 2024				
	Fees	Basic salaries	Contributions to defined contribution retirement plans	Discretionary bonus (note (4))	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Executive directors					
Dong Ming (note (1))	-	-	-	-	-
Liu Zhouyang (note (2))	-	598,000	18,000	-	616,000
Tang Ming	-	2,124,997	18,000	-	2,142,997
Non-executive directors					
Qian Yinghui (note (1)&(2))	-	-	-	-	-
Huang Bin	312,000	-	-	-	312,000
Independent non-executive directors					
Cecilia Wai Bing Pang	360,000	-	-	-	360,000
Cheung Hoi Yu	360,000	-	-	-	360,000
Wong Hin Wing	360,000	-	-	-	360,000
	1,392,000	2,722,997	36,000	-	4,150,997

Notes

- (1) Agreed not to receive any remuneration during the year.
- (2) Resigned on 16 May 2025.
- (3) Appointed on 16 May 2025.
- (4) The amounts represent performance-based bonuses paid to the directors to reward their contributions to the Group, based on the performance of the Group.

During the year, Mr. Dong Ming, executive director of the Company, Mr. Qian Yinghui, non-executive director of the Company and Mr. He Tao, non-executive director of the Company have not received any emoluments. There was no arrangement under which a director and chief executive waived or agreed to waive any remuneration during the year.

During the year ended 31 December 2025 and 2024, no emolument was paid by the Group to the directors and chief executives as an inducement to join or upon joining the Group, or as compensation for loss of office. During the year ended 31 December 2025, no housing allowance, other allowances and benefits in kind were paid by the Group to the directors and chief executives in respect of their services as directors and chief executives (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five highest paid individuals of the Group included three (2024: two) directors whose emoluments are included in the disclosures in note 12(a) to the consolidated financial statements above.

The emoluments of the two (2024: three) individuals other than directors of the Company was as follows:

	2025	2024
	HK\$	HK\$
Salaries and allowances	1,273,913	2,678,500
Retirement scheme contributions	28,500	54,000
	1,302,413	2,732,500

The emoluments of the two (2024: three) individuals with the highest emoluments are within the following band:

	2025	2024
	Number of	Number of
	individuals	individuals
Nil – HK\$1,000,000	2	2
HK\$1,000,001 – HK\$1,500,000	–	1

None of the directors and these highest paid employees waived any emoluments or received any inducement to join or compensation for loss of office during the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE COMPANY

Basic earnings per share

Basic earnings per share is calculated based on the profit for the year attributable to ordinary equity owners of the Company of approximately HK\$4,580,029 (2024: HK\$18,120,271) and on the weighted average number of 7,290,873,064 ordinary shares (2024: 6,799,914,160 ordinary shares).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2025 is based on the profit for the year attributable to ordinary equity owners of the Company of approximately HK\$4,580,029 (2024: HK\$19,770,182) and on the weighted average number of approximately 9,228,857,560 (2024: 8,737,898,656) ordinary shares.

The calculation of the basic and diluted earnings per share is based on the following:

	2025 HK\$	2024 HK\$
Earnings		
Earnings for the purpose of calculating basic earnings per share	4,580,029	18,120,271
Finance costs saving after tax on conversion of convertible bond outstanding	–	1,649,911
Earnings for the purpose of calculating diluted earnings per share	4,580,029	19,770,182
	2025	2024
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	7,290,873,064	6,799,914,160
Effect of dilutive potential ordinary shares arising from convertible bond outstanding	1,937,984,496	1,937,984,496
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	9,228,857,560	8,737,898,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. SEGMENT REPORTING

Information reported to the executive directors and senior management, being the chief operating decision maker, the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group. Specifically, the Group's reportable operating segments under HKFRS 8 are (i) trading of goods and commodities; and (ii) other segment engages in the provision of marketing services, product registration services and sourcing of OEM/ODM services.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Trading of goods and commodities HK\$	Others (Note) HK\$	Total HK\$
Year ended 31 December 2025			
Revenue			
External sales	1,108,176,541	–	1,108,176,541
Segment result	39,333,413	–	39,333,413
Year ended 31 December 2024			
Revenue			
External sales	754,930,252	–	754,930,252
Segment result	54,452,940	–	54,452,940
		2025 HK\$	2024 HK\$
Segment result	39,333,413		54,452,940
Unallocated income, gains and losses	1,156,224		(50,481)
Unallocated expenses	(30,574,115)		(27,797,437)
Profit from operations	9,915,522		26,605,022
Finance costs	(351,169)		(2,715,935)
Share of loss of a joint venture	–		(5,334)
Profit before tax	9,564,353		23,883,753
Income tax expense	(4,984,324)		(5,763,482)
Profit for the year	4,580,029		18,120,271

Note: The Group retained the capacity of provision of marketing service, products registration services and sourcing of OEM/ODM services during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. SEGMENT REPORTING (CONTINUED)

(a) Segment revenue and results (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned from each segment without allocation of certain items, mainly comprising interest revenue, depreciation, central administration costs, directors' and chief executives' salaries, finance costs and share of loss of a joint venture. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	Trading of goods and commodities HK\$	Total HK\$
As at 31 December 2025		
Segment assets	575,468,590	575,468,590
Unallocated assets		17,157,000
		592,625,590
Segment liabilities	(194,114,559)	(194,114,559)
Unallocated liabilities		(40,534,369)
		(234,648,928)
As at 31 December 2024		
Segment assets	312,287,211	312,287,211
Unallocated assets		55,693,340
		367,980,551
Segment liabilities	(61,261,765)	(61,261,765)
Unallocated liabilities		(46,778,308)
		(108,040,073)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than certain property, plant and equipment, certain right-of-use assets, investment in a joint venture, certain other receivables, deferred tax assets, deposits and prepayments, certain bank balances and cash and tax recoverable which are managed on a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, amount due to a Shareholder, certain lease liabilities and tax payable which are managed on a group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. SEGMENT REPORTING (CONTINUED)

(c) Other segment information

	Trading of goods and commodities HK\$	Unallocated HK\$	Total HK\$
Year ended 31 December 2025			
Amounts included in the measure of segment profit or loss or segment assets:			
Depreciation of property, plant and equipment	18,936	859,281	878,217
Depreciation of right-of-use assets	468,474	3,644,726	4,113,200
Additions to non-current assets (Note)	2,053,550	61,383	2,114,933
Bank interest income	(313,126)	(1,192,715)	(1,505,841)
Allowance for ECL on trade receivables	954,618	–	954,618
Year ended 31 December 2024			
Amounts included in the measure of segment profit or loss or segment assets:			
Depreciation of property, plant and equipment	6,506	892,343	898,849
Depreciation of right-of-use assets	370,239	3,775,544	4,145,783
Additions to non-current assets (Note)	410,681	95,130	505,811
Bank interest income	(128,460)	(159,303)	(287,763)
Reversal of allowance for ECL on loan and interest receivables	–	(327,956)	(327,956)

Note: Non-current assets excluded deferred tax assets and investment in a joint venture.

(d) Geographic information

The Group's operations are mainly located in Hong Kong and the People's Republic of China (the "PRC").

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets, excluding investment in a joint venture and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue		Non-current assets	
	2025 HK\$	2024 HK\$	2025 HK\$	2024 HK\$
Hong Kong	695,047,017	329,338,814	8,581,120	13,023,748
PRC (excluding Hong Kong)	378,057,805	391,016,876	1,907,628	426,647
Others	35,071,719	34,574,562	–	28,566
Consolidated total	1,108,176,541	754,930,252	10,488,748	13,478,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. SEGMENT REPORTING (CONTINUED)

(e) Revenue from major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2025	2024
	HK\$	HK\$
Customer A ^{1,2}	329,558,017	116,451,774
Customer B ^{1,3}	191,567,193	182,821,804
Customer C ^{1,2}	163,800,553	–

¹ Revenue from trading of goods and commodities.

² Customer A and C were independent third parties of the Group.

³ Customer B was the Company's fellow subsidiary.

15. DIVIDENDS

The board of the directors do not recommend the payment of any dividend in respect of the year ended 31 December 2025, nor has any dividend been proposed since the year ended 31 December 2025 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Computer equipment HK\$	Leasehold improvement HK\$	Motor vehicles HK\$	Total HK\$
Cost:					
At 1 January 2024	38,245	464,783	4,727,085	1,317,491	6,547,604
Additions	146,149	68,912	–	–	215,061
Write-off	–	(71,592)	(1,207,980)	–	(1,279,572)
Exchange differences	(1,461)	(501)	–	–	(1,962)
At 31 December 2024 and 1 January 2025	182,933	461,602	3,519,105	1,317,491	5,481,131
Additions	80,875	83,359	–	–	164,234
Exchange differences	3,087	1,374	–	–	4,461
At 31 December 2025	266,895	546,335	3,519,105	1,317,491	5,649,826
Accumulated depreciation and impairment:					
At 1 January 2024	8,054	173,176	1,266,632	1,279,037	2,726,899
Charge for the year	21,304	135,270	703,821	38,454	898,849
Write-off	–	(52,994)	(1,207,980)	–	(1,260,974)
Exchange differences	–	(126)	–	–	(126)
At 31 December 2024 and 1 January 2025	29,358	255,326	762,473	1,317,491	2,364,648
Charge for the year	49,559	124,837	703,821	–	878,217
Exchange differences	165	171	–	–	336
At 31 December 2025	79,082	380,334	1,466,294	1,317,491	3,243,201
Carrying amount:					
At 31 December 2025	187,813	166,001	2,052,811	–	2,406,625
At 31 December 2024	153,575	206,276	2,756,632	–	3,116,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. RIGHT-OF-USE ASSETS

	2025 HK\$	2024 HK\$
Right-of-use assets		
– Land and buildings	8,082,123	10,362,478

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

– Less than 1 year	4,321,404	4,247,699
– Between 1 and 5 years	4,090,791	6,647,632
	8,412,195	10,895,331

	2025 HK\$	2024 HK\$
Depreciation charge of right-of-use assets		
– Land and buildings	4,113,200	4,145,783
Lease interests	333,123	457,619
Expenses related to short-term leases	293,636	530,403
Total cash outflow for leases	4,693,891	4,678,997
Additions to right-of-use assets	1,950,699	290,750
Terminations of right-of-use assets	146,656	–

The Group leases various land and buildings. Lease agreements are typically made for fixed periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

During the year, the Group terminated certain lease contracts prior to their expiration dates, resulting in a gain on lease termination of HK\$13,275 (2024: HK\$Nil), which has been included in other income in the consolidated statement of profit or loss. The carrying amount of right-of-use assets derecognised upon lease termination was HK\$146,656, with the related lease liability of HK\$159,931 extinguished.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INVESTMENT IN A JOINT VENTURE

	2025 HK\$	2024 HK\$
Unlisted investments in Hong Kong		
Share of net assets	–	10,593

On 16 May 2025, Ban Loong Jacobson JBM Pharma Limited was deregistered in Hong Kong. Upon deregistration, the joint venture's bank account with a balance of HK\$10,593 was transferred to the Group and recognised as cash and cash equivalents in the consolidated statement of financial position. Consequently, the Group's interest in the joint venture was fully disposed of with no gain or loss on disposal.

Below shows information of the joint venture. The joint venture is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the joint ventures.

Name	Ban Loong Jacobson JBM Pharma Limited	
	2025	2024
Principal place of business/country of incorporation	HK/HK	HK/HK
Principal activities	Distribution of pharmaceutical and medical products	
% of ownership interests/voting rights held by the Group	N/A	60%/33.3%
Date of deregistration	16 May 2025	N/A
Current assets	–	17,655
Current liabilities	–	–
Net assets	–	17,655
Group's share of net assets and share of carry amount of interests	–	10,593
Cash and cash equivalents included in current assets	–	17,655
	2025 HK\$	2024 HK\$
Revenue	–	–
Loss from operations	–	(8,890)

Ban Loong Jacobson JBM Pharma Limited is a strategic investment of the Group, engaging in the distribution of pharmaceutical and medical products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19 DEFERRED TAX ASSET

The following are the major assets recognised by the Group

	Tax losses HK\$
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Credit to profit or loss	1,124,631
At 31 December 2025	1,124,631

At the end of the reporting period the Group has unused tax losses of HK\$862,585,090 (2024: HK\$842,577,799) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$6,815,949 (2024: nil) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$855,769,141 (2024: HK\$842,577,799) due to the unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

20. INVENTORIES

	2025 HK\$	2024 HK\$
Finished goods	3,517,243	7,019,811

The directors of the Company have assessed the net realisable values and condition of the Group's inventories as at 31 December 2025 and no impairment of inventories was made during the year (2024: HK\$95,591).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. PRINCIPAL SUBSIDIARIES

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

Name of subsidiaries	Place/country of incorporation (or establishment)/ operations	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest At 31 December 2025	Proportion of ownership interest At 31 December 2024	Principal activities
Wan Long Xing Ye Commercial Trading (Hong Kong) Limited	Hong Kong	HK\$100	100%	100%	Trading of goods and commodities
BL Healthcare (Hong Kong) Limited	Hong Kong	HK\$100	100%	100%	Trading of goods and commodities
YNBY Coffee Limited	Hong Kong	HK\$1	100%	100%	Trading of goods and commodities
Wanma Technology Yunnan Co., Limited** (萬麻科技雲南有限公司)	PRC	RMB20,000,000	100%	100%	Trading of goods and commodities
YNBY Healthcare (Shenzhen) Limited** (云白健康(深圳)有限公司)	PRC	HK\$10,000,000	100%	100%	Trading of goods and commodities
YNBY Cosmetics Limited	Hong Kong	HK\$1	100%	100%	Trading of goods and commodities
YNBY Pharmacy Limited	Hong Kong	HK\$1	100%	100%	Trading of goods and commodities
YNBY Hong Kong Limited	Hong Kong	HK\$1	100%	100%	Trading of goods and commodities
YNBY Group Limited	Hong Kong	HK\$1	100%	100%	Trading of goods and commodities
YNBY Holdings Limited	Hong Kong	HK\$1	100%	100%	Trading of goods and commodities
YNBY Healthcare (Singapore) Pte Ltd	Singapore	HK\$5.88	100%	100%	Trading of goods and commodities
Yunbai Holdings Limited	Hong Kong	HK\$1	100%	100%	Trading of goods and commodities

Notes:

* The entity is foreign-investment enterprise.

The English name is for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES

	2025 HK\$	2024 HK\$
Trade receivables*	349,734,121	114,871,673
Provision for loss allowance	(954,789)	–
Carrying amount	348,779,332	114,871,673

* At 31 December 2025, the balance of trade receivables (net of allowance for ECL) from a fellow subsidiary was HK\$24,835,996 (2024: HK\$29,499,089).

Trade receivables are granted an average credit period ranging from 30 to 90 days (2024: 90 days).

The ageing analysis of trade receivables (before allowance for ECL) presented based on the invoice date at the end of reporting period is as follows:

	2025 HK\$	2024 HK\$
0 to 90 days	323,068,995	111,298,165
91 to 180 days	22,564,061	3,573,508
Over 365 days	4,101,065	–
	349,734,121	114,871,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. LOAN AND INTEREST RECEIVABLES

	2025 HK\$	2024 HK\$
Loan receivables		
– Secured	274,256,465	274,256,465
– Unsecured	202,291,346	202,291,346
Provision for loss allowance	476,547,811	476,547,811
Carrying amount	(476,547,811)	(476,547,811)
	–	–

The maturity profile of the loan receivables (before allowance for ECL) at the end of the reporting period, analysed by the maturity date, is as follows:

	2025 HK\$	2024 HK\$
Overdue	476,547,811	476,547,811
Gross amount analysed for reporting purpose:		
Current assets	476,547,811	476,547,811

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 3 months to 5 years (2024: 3 months to 5 years). The loans provided to customers bore fixed interest rate ranging from 1% – 2.4% (2024: 1% – 2.4%) per month, depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid in monthly basis while the principal amounts are repayable on maturity.

With reference to the announcement made by the Company on 25 October 2023 regarding the key findings of the forensic investigation, the loan and interest receivables are fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK\$	2024 HK\$
Other receivables *	3,352,839	3,525,399
Deposit	323,207,327	305,516,701
Prepayments	1,983,503	1,110,277
Less: allowance for ECL	(298,824,733)	(298,824,733)
	29,718,936	11,327,644

* At 31 December 2025, the balance of other receivables from a shareholder was HK\$31,296 (2024: a fellow subsidiary and a shareholder were HK\$420,749 and HK\$21,180).

25. CASH AND CASH EQUIVALENTS

	2025 HK\$	2024 HK\$
Cash and cash equivalents	198,007,251	212,482,172

- (a) Cash at bank earns interest at floating rates based on daily bank deposit rates.
- (b) Included in bank balances of the Group is approximately HK\$83,227,759 (2024: HK\$64,412,461) of bank balances denominated in RMB placed with banks in PRC. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. TRADE AND OTHER PAYABLES

	2025 HK\$	2024 HK\$
Trade payables (Note)	189,312,255	50,214,610
Other payables and accrued charges	5,436,779	12,557,479
	194,749,034	62,772,089
The total is analysed for reporting purposes as:		
Current	193,249,034	61,272,089
Non-current	1,500,000	1,500,000
	194,749,034	62,772,089

The non-current amount is related to the provision for reinstatement cost of leased office, on which the tenancy will expire in two years.

Note: The credit period for trade payables ranging from 0 to 90 days (2024: 45 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame. The balance of trade payables to Yunnan Baiyao Group was nil (2024: HK\$6,694,761).

An ageing analysis of trade payables presented based on the invoice date at the end of reporting period is as follows:

	2025 HK\$	2024 HK\$
0 to 30 days	169,341,722	50,207,562
31 to 60 days	19,963,485	–
Over 90 days	7,048	7,048
	189,312,255	50,214,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. CONTRACT LIABILITIES

Disclosures of contract liabilities are set out as follows:

	2025 HK\$	2024 HK\$	2023 HK\$
Contract liabilities	2,154,448	1,791,573	4,286,288
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue within one year:	2,154,448	1,791,573	
		2025 HK\$	2024 HK\$
Revenue recognised in the year that was included in contract liabilities at beginning of year		1,791,573	4,286,288
Significant changes in contract liabilities during the year:			
– Increase due to operations in the year		2,258,178	1,791,573
– Transfer of contract liabilities to revenue		(1,895,303)	(4,286,288)

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

28. AMOUNT DUE TO A SHAREHOLDER

At 31 December 2025 and 2024, the amount due to a shareholder is unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. BANK BORROWINGS

	2025 HK\$	2024 HK\$
Bank loans (unsecured and unguaranteed)	–	2,159,734
The borrowings are repayable as follows:		
Within one year	–	2,159,734
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(2,159,734)
Amount due for settlement after 12 months	–	–

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

The average interest rates were during the year as follows:

	2025	2024
Bank loans	3.10%	3.10%

The bank loan and related interests were fully repaid on 27 March 2025.

30. CONVERTIBLE BOND

As at 31 December 2025, the total number of issued ordinary shares (the "Shares") of the Company was 7,599,914,160 shares (2024: 6,799,914,160 shares).

The Company entered into the subscription agreement with Yunnan Baiyao Group Co., Ltd. ("Yunnan Baiyao") on 14 October 2019. Pursuant to the subscription agreement and the supplemental subscription agreements, the Company has conditionally agreed to issue, and Yunnan Baiyao has conditionally agreed to subscribe for, through its trustee, Shanghai International Trust Corp., Ltd., the convertible bond.

The completion of the subscription took place on 30 October 2020 in accordance with the terms and conditions of the subscription agreement. The principal amount was HK\$500 million with coupon rate of 3% per-annum for 2 years. Under the Subscription, the convertible bond have been issued to Shanghai International Trust Corp., Ltd., which subscribes and holds the convertible bond on behalf of and as a trustee of Yunnan Baiyao. Yunnan Baiyao remains as the beneficial owner of the convertible bond.

Reference is made to the Company's announcement dated 31 October 2022, at maturity of the convertible bond, the Company received a waiver confirmation from Yunnan Baiyao to extend the maturity date of the convertible bond for a period of two months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. CONVERTIBLE BOND (CONTINUED)

Reference is made to the Company circular dated 12 January 2023, on 5 December 2022, the Company and Yunnan Baiyao entered into an extension supplemental agreement, pursuant to which the Company and Yunnan Baiyao conditionally agreed to extend the initial maturity date by two years from 31 October 2022 to 30 October 2024 by way of entering into a supplemental agreement. Save for the proposed extension, all other terms and conditions of the convertible bond remained unchanged. The supplemental agreement was subsequently approved on 1 February 2023.

Based on the initial conversion price of HK\$0.258 per conversion share and assuming there is no other change in the issued share capital of the Company between the date of this report and the full conversion of the convertible bond, 1,937,984,496 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the convertible bond, representing: (a) approximately 28.50% of the existing issued share capital of the Company; and (b) approximately 22.18% of the issued share capital of the Company as enlarged by the issue of the 1,937,984,496 Conversion Shares.

Reference is made to the Company's announcement dated 29 October 2024, the Company received a notice from the bondholder, Yunnan Baiyao of exercising the conversion rights of the convertible bonds in full. On that date, the Company's public float was approximately 25.5%, if Yunnan Baiyao fully exercises the conversion rights of the convertible bonds, the public float of the Company will be reduced to approximately 19.84%, which fails to comply with the minimum public float requirement of 25% under the Rule 8.08(1)(a) of the listing Rules. Therefore, according to the pre-existing terms of the convertible bonds, Yunnan Baiyao will only be allotted the conversion shares after the Company's public float satisfies the share exchange requirements. As per the Company's announcement on 29 October 2024, the Company has been actively seeking investors to increase its public float, but up to now, the Company has not reached a firm intention to invest.

Reference is made to the Company's announcement dated 27 February 2026, the Company allotted and issued in full 1,937,984,496 conversion shares to Shanghai International Trust Co., Ltd. at a conversion price of HK\$0.258 per conversion share, representing approximately 25.50% of the total issued shares immediately before the issue of the conversion shares and approximately 20.32% of the enlarged total issued shares immediately after the issue of the conversion shares.

At initial recognition the equity component of the convertible bond was separated from the liability component. The equity element is presented in equity heading "convertible bond reserve". The effective interest rate of the liability component is 18.79%.

The valuation of the convertible bond was performed by Ravia Global Appraisal Advisory Limited.

No movement of the equity component of the convertible bond:

	Equity component HK\$
Equity component at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	56,168,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. CONVERTIBLE BOND (CONTINUED)

The movement of the liability component of the convertible bond is set out below:

	Liability component HK\$
Carrying amount at 1 January 2024	13,024,059
Effective interest expenses (Note 9)	1,975,941
Accrued interest of the convertible bond	(15,000,000)
Carrying amount at 31 December 2024, 1 January 2025 and 31 December 2025	–

The interest expenses for the year are calculated by applying an effective interest rate of 18.79% to the liability component for 2-year period since the convertible bond were issued.

31. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2025 HK\$	2024 HK\$	2025 HK\$	2024 HK\$
Within one year	4,321,404	4,247,699	4,106,182	3,937,541
In the second to fifth years, inclusive	4,090,791	6,647,632	4,017,802	6,432,959
Less: future finance charges	8,412,195 (288,211)	10,895,331 (524,831)	8,123,984 N/A	10,370,500 N/A
Present value of lease obligation	8,123,984	10,370,500	8,123,984	10,370,500
Less: amount due for settlement within 12 months (shown under current liabilities)			(4,106,182)	(3,937,541)
Amount due for settlement after 12 months			4,017,802	6,432,959

At 31 December 2025, the average effective borrowing rate was 3.1% (2024: 3.6%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. SHARE CAPITAL

	Number of Shares	Nominal Value HK\$
Authorised:		
Ordinary shares of HK\$0.01 (2024: HK\$0.01) each at 1 January 2024, 31 December 2024 and 31 December 2025	20,000,000,000	200,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 (2024: HK\$0.01) each at 1 January 2024, 31 December 2024 and 1 January 2025	6,799,914,160	67,999,142
Issue of shares on placement at 22 May 2025	800,000,000	8,000,000
At 31 December 2025	7,599,914,160	75,999,142

In May 2025, the Company placed 800,000,000 ordinary shares to not less than six independent shareholders at price of HK\$0.1161 per share with the net proceeds of approximately HK\$92 million. The premium on the issue of shares, amounting to HK\$83,664,305, net of share issue costs of HK\$1,215,695, has been credited to the Company's share premium account.

For further details about the placing in May 2025, please refer to the announcements of the Company dated 2 May 2025, 5 May 2025, 15 May 2025 and 22 May 2025.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Lease liabilities HK\$	Bank borrowing HK\$	Convertible bond HK\$	Amount due to a shareholder HK\$	Total HK\$
At 1 January 2024	13,789,769	17,655,760	13,024,059	17,447,343	61,916,931
Changes in cash flows	(4,148,594)	(15,614,559)	–	(1,500,000)	(21,263,153)
Non-cash changes					
– additions	290,750	–	–	–	290,750
– interest charged	457,619	282,375	1,975,941	–	2,715,935
– accrued interest of the convertible bond	–	–	(15,000,000)	15,000,000	–
– exchange realignment	(19,044)	(163,842)	–	(1,166)	(184,052)
At 31 December 2024 and 1 January 2025	10,370,500	2,159,764	–	30,946,177	43,476,411
Changes in cash flows	(4,400,255)	(2,201,048)	–	(3,000,000)	(9,601,303)
Non-cash changes					
– additions	1,950,699	–	–	–	1,950,699
– interest charged	333,123	18,046	–	–	351,169
– Termination	(159,931)	–	–	–	(159,931)
– exchange realignment	29,848	23,268	–	1,347	54,463
At 31 December 2025	8,123,984	–	–	27,947,524	36,071,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	Note	2025 HK\$	2024 HK\$
Non-current assets			
Property, plant and equipment		3,166	56,064
Investments in subsidiaries		24,187,324	24,879,173
		24,190,490	24,935,237
Current assets			
Inventories		–	68,576
Trade receivables		5,468,937	13,005,732
Other receivables, deposits and prepayments		1,489,123	1,289,607
Amounts due from subsidiaries	(1)	332,523,178	223,278,889
Cash and cash equivalents		2,034,464	29,245,607
		341,515,702	266,888,411
Current liabilities			
Other payables		2,954,798	10,748,771
Contract liabilities		1,207,948	1,727,099
Amounts due to subsidiaries	(1)	6,062,819	1,500,085
Amounts due to a shareholder	(1)	27,892,891	30,892,891
		38,118,456	44,868,846
Net current assets		303,397,246	222,019,565
Total assets less current liabilities		327,587,736	246,954,802
NET ASSETS		327,587,736	246,954,802
Capital and reserves			
Share capital		75,999,142	67,999,142
Reserves		251,588,594	178,955,660
TOTAL EQUITY		327,587,736	246,954,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Statement of financial position (CONTINUED)

Note:

(1) The amounts due are unsecured, interest-free and repayable on demand.

Movement of reserves of the Company

	Share premium HK\$	Capital redemption reserve HK\$	Convertible bond reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2024	1,085,013,367	176,000	56,168,231	(971,180,939)	170,176,659
Total comprehensive income for the year	-	-	-	8,779,001	877,901
At 31 December 2024 and 1 January 2025	1,085,013,367	176,000	56,168,231	(962,401,938)	178,955,660
Total comprehensive expenses for the year	-	-	-	(11,031,371)	(11,031,371)
Issue of new shares	83,664,305	-	-	-	83,664,305
At 31 December 2025	1,168,677,672	176,000	56,168,231	(973,433,309)	251,588,594

Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Convertible bond reserve

The convertible bond reserve represents the equity component of convertible bond issued by the Company. Items included in convertible bond reserve will not be reclassified subsequently to profit or loss.

35. CAPITAL MANAGEMENT

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by adjusted capital. Net cash is calculated as total liabilities less cash and cash equivalents. Adjusted capital comprises all components of equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. CAPITAL MANAGEMENT (CONTINUED)

The gearing ratio was as follows:

	2025 HK\$	2024 HK\$
Total liabilities	234,648,928	108,040,073
Less: Cash and cash equivalents	(198,007,251)	(212,482,172)
Net debt/(cash)	36,641,677	(104,442,099)
Total equity attributable to owners of the Company	357,976,662	259,940,478
Gearing ratio	10%	-40%

36. LITIGATIONS AND CONTINGENT LIABILITIES

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

37. COMMITMENTS

As at 31 December 2025, the Group had no material capital commitments (2024: nil).

38. RELATED PARTY TRANSACTIONS

Save for those disclosed elsewhere in this consolidated financial statements, details of transactions between the Group and other related parties are disclosed below:

(a) Transactions with related parties

	2025 HK\$	2024 HK\$
Purchase of goods and commodities from Yunnan Baiyao (Note)	3,792,746	13,833,429
Purchase of goods and commodities from a fellow subsidiary (Note)	20,771	2,752,103
Provision of global supply chain integration services to a fellow subsidiary (Note)	191,617,197	182,821,804
Effective interest expense from the convertible bond with Yunnan Baiyao	-	1,975,941

Note:

The transaction constituted a continuing connected transaction as defined in Chapter 14A of the Listing Rules (the "Continuing Connected Transaction"). Further details of the Continuing Connected Transaction are provided in the section headed "Continuing Connected Transaction" in the Report of the Directors as set out in the Company's annual report for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The remuneration of the Group's key management personnel is disclosed in note 12 to the consolidated financial statements.

(c) Balances with related parties at 31 December

	2025 HK\$	2024 HK\$
Trade payable to a shareholder (Note 26)	–	6,694,761
Trade receivable from a fellow subsidiary (Note 22)	24,835,996	29,499,089
Trade deposit paid to a shareholder (Note 24)	31,296	21,180
Trade deposit paid to a fellow subsidiary (Note 24)	–	420,749
Amount due to a shareholder (Note 28)	27,947,524	30,946,177

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 March 2026.

FIVE-YEAR FINANCIAL SUMMARY

	FY2021/22 HK\$'000	FY2022/23 HK\$'000	FY2023 HK\$'000	FY2024 HK\$'000	FY2025 HK\$'000
Revenue	179,578	452,909	578,741	754,930	1,108,177
(Loss)/profit before tax	(1,113,881)	(165,903)	146,406	23,884	9,564
Income tax expenses	(3,439)	(2,956)	(2,672)	(5,764)	(4,984)
(Loss)/profit after tax	(1,117,320)	(168,859)	143,734	18,120	4,580
(Loss)/profit attributable to owners of the Company	(1,117,314)	(168,871)	143,745	18,120	4,580
(Loss)/earnings attributable to owners of the Company	(17.33) HK cents	(2.51) HK cents	2.11 HK cents	0.27 HK cents	0.06 HK cents
ASSETS AND LIABILITIES					
Total assets	321,754	320,039	390,227	367,981	592,625
Current liabilities	(115,186)	(195,295)	(135,360)	(100,107)	(229,131)
Total assets less current liabilities	206,568	124,744	254,867	267,874	363,494
Shareholders' fund	202,260	111,041	243,155	259,940	357,977
Return on shareholders' fund (%) (Note)	(552.4)	(152.1)	59.1	7.0	1.3

Note

The return on shareholders' fund equals to the (loss)/profit attributable to the owners of the Company divided by the equity attributable to the owners of the Company.