

# Hanfort Development Holdings Limited

## 漢成發展控股有限公司

*(formerly known as Sino Golf Holdings Limited)*

*(Incorporated in Bermuda with limited liability)*

Stock Code: 00361



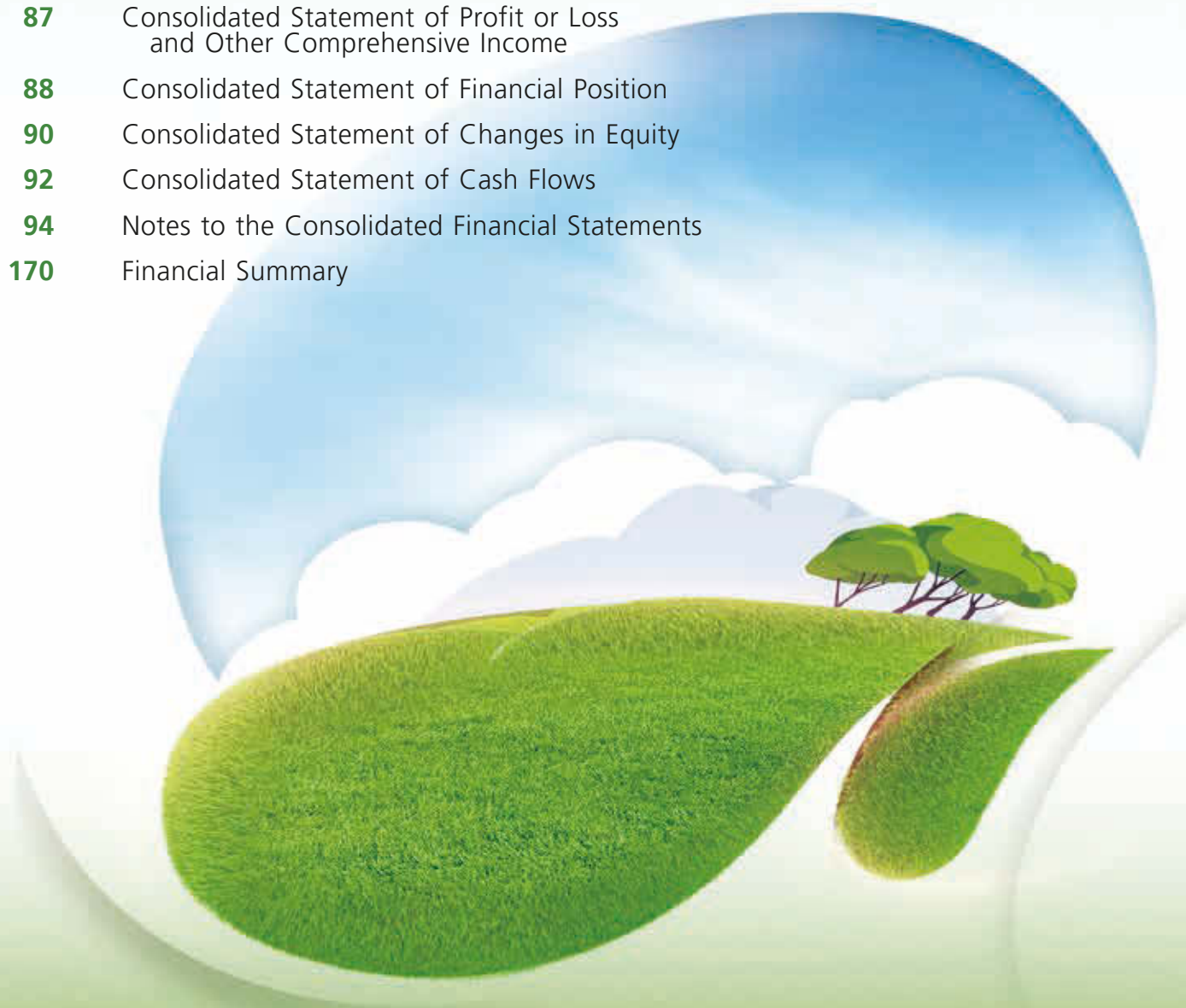
ANNUAL REPORT

2025

# C<sup>NTENTS</sup>



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## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. WONG Hin Shek (*Chairman*) (*Note 1*)  
Mr. LIU Jincheng (*Chairman*) (*Note 2*)

### NON-EXECUTIVE DIRECTOR

Mr. SUN Xiongfei (*Note 3*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SHENG Baojun (*Note 4*)  
Mr. HO Kwong Yu (*Note 5*)  
Ms. LIN Lin (*Note 6*)  
Mr. CHOI Sum Shing Samson (*Note 7*)  
Ms. JIANG Haiyan (*Note 8*)  
Mr. WU Weifeng (*Note 9*)

### AUDIT COMMITTEE

Mr. HO Kwong Yu (*Chairman*) (*Note 5*)  
Mr. SHENG Baojun (*Note 4*)  
Ms. LIN Lin (*Note 6*)  
Mr. CHOI Sum Shing Samson (*Chairman*) (*Note 7*)  
Mr. SUN Xiongfei (*Note 3*)  
Mr. WU Weifeng (*Note 9*)

### REMUNERATION COMMITTEE

Mr. SHENG Baojun (*Chairman*) (*Note 4*)  
Mr. HO Kwong Yu (*Note 5*)  
Ms. LIN Lin (*Note 6*)  
Mr. WU Weifeng (*Chairman*) (*Note 9*)  
Mr. LIU Jincheng (*Note 2*)  
Ms. JIANG Haiyan (*Note 8*)

### NOMINATION COMMITTEE

Mr. WONG Hin Shek (*Chairman*) (*Note 1*)  
Mr. SHENG Baojun (*Note 4*)  
Mr. HO Kwong Yu (*Note 5*)  
Ms. LIN Lin (*Note 6*)  
Mr. LIU Jincheng (*Chairman*) (*Note 2*)  
Mr. CHOI Sum Shing Samson (*Note 7*)  
Ms. JIANG Haiyan (*Note 8*)

### COMPANY SECRETARY

Ms. CHOI Ka Ying (*Note 10*)  
Ms. YIM Sau Ping (*Note 11*)

### AUTHORISED REPRESENTATIVES

Mr. WONG Hin Shek (*Note 1*)  
Mr. LIU Jincheng (*Note 2*)  
Ms. CHOI Ka Ying (*Note 10*)  
Ms. YIM Sau Ping (*Note 11*)

### AUDITOR

Grant Thornton Hong Kong Limited  
11th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay, Hong Kong SAR

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
DBS Bank (Hong Kong) Limited

### BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton, HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

Unit K, 20/F., Kings Wing Plaza 2,  
1 On Kwan Street,  
Shek Mun, Shatin, N.T.,  
Hong Kong (*Note 12*)

### STOCK CODE

00361 (Main Board of The Stock Exchange of  
Hong Kong Limited)

### WEBSITE

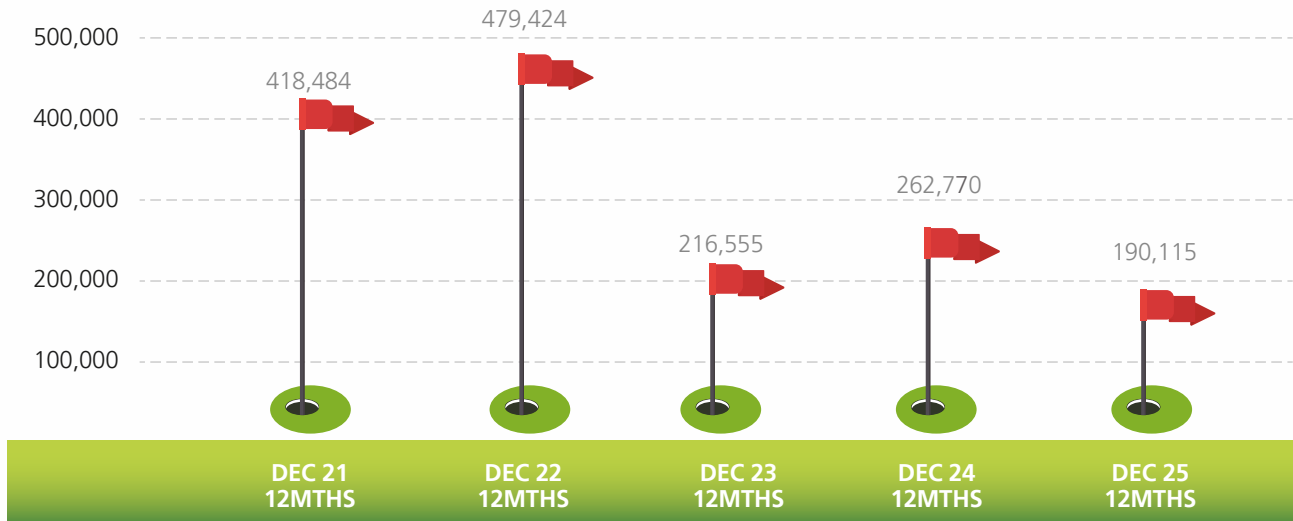
<http://www.hanfort.com>

Notes:

- 1 Mr. WONG Hin Shek resigned as the Chairman of the Board, the chairman of the nomination committee of the Company (the "Nomination Committee") and an authorised representative of the Company with effect from 3 December 2025 and resigned as an executive director with effect from 24 December 2025.
- 2 Mr. LIU Jincheng was appointed as an executive director, the chairman of the Board, the chairman of the Nomination Committee, a member of the remuneration committee of the Company (the "Remuneration Committee") and an authorised representative of the Company with effect from 3 December 2025.
- 3 Mr. SUN Xiongfei was appointed as a non-executive director and a member of the Audit Committee of the Company (the "Audit Committee") with effect from 3 December 2025.
- 4 Mr. SHENG Baojun resigned as the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee with effect from 3 December 2025 and resigned as an independent non-executive director with effect from 24 December 2025.
- 5 Mr. HO Kwong Yu resigned as the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee with effect from 3 December 2025 and resigned as an independent non-executive director with effect from 24 December 2025.
- 6 Ms. LIN Lin resigned as a member of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 3 December 2025 and resigned as an independent non-executive director with effect from 24 December 2025.
- 7 Mr. CHOI Sum Shing Samson was appointed as a non-executive director on 19 March 2025. He was re-designated to an independent non-executive director and was appointed as the chairman of the Audit Committee and a member of Nomination Committee with effect from 3 December 2025.
- 8 Ms. JIANG Haiyan was appointed as an independent non-executive director, a member of the Nomination Committee and the Remuneration Committee with effect from 3 December 2025.
- 9 Mr. WU Weifeng was appointed as an independent non-executive director and was appointed the chairman of the Remuneration Committee and a member of the Audit Committee with effect from 3 December 2025.
- 10 Ms. CHOI Ka Ying resigned as an authorised representative a company secretary and the chief financial officer of the Company with effect from 10 April 2026.
- 11 Ms. YIM Sau Ping appointed as an authorised representative and a company secretary of the Company with effect from 10 April 2026.
- 12 The principal place of business was changed from Room 4501, One Midtown, 11 Hoi Shing Road, Tsuen Wan, Hong Kong to Unit K, 20/F., Kings Wing Plaza 2, 1 On Kwan Street, Shek Mun, Shatin, N.T., Hong Kong with effect from 20 April 2026.



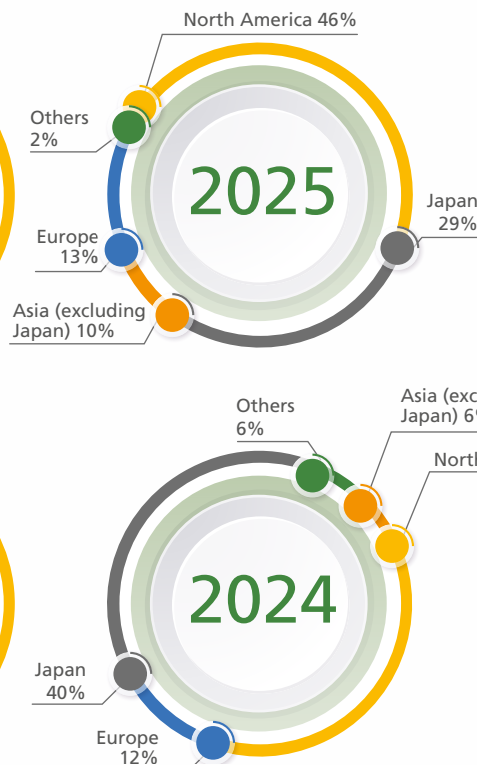
## Revenue (HK\$'000)



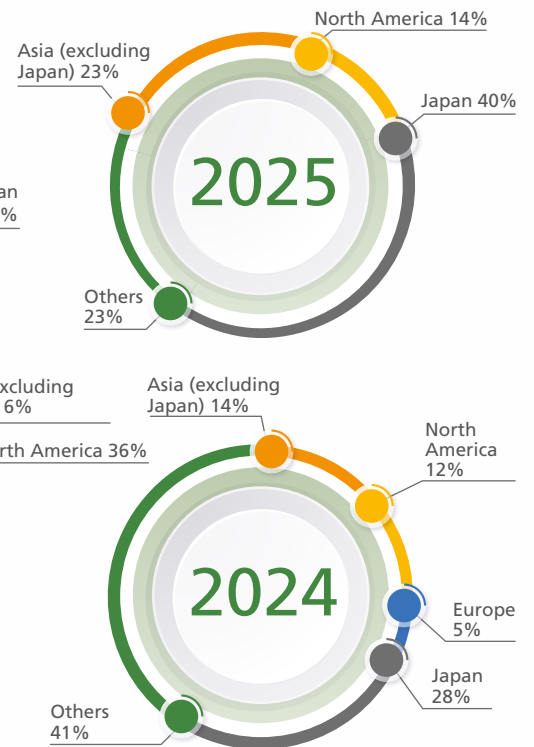
### REVENUE BY PRODUCT



### REVENUE (GOLF EQUIPMENT) BY GEOGRAPHICAL AREA



### REVENUE (GOLF BAGS) BY GEOGRAPHICAL AREA



# CHAIRMAN'S STATEMENT

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of the directors (the "**Directors**") of Hanfort Development Holdings Limited (formerly known as Sino Golf Holdings Limited) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), I am pleased to present the annual results of the Group for the year ended 31 December 2025.

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW AND PROSPECTS

The Group's revenue for the year ended 31 December 2025 amounted to approximately HK\$190,115,000 (2024: HK\$262,770,000). Our Group experienced a tough year in 2025 as the United States of America (the "United States") significantly increased tariffs on imported goods. Golf products exported from China were charged with higher tariff by the United States which adversely affected the Group's business. As a result, the Group's golf revenue has significantly decreased during the year ended 31 December 2025.

In the upcoming year, the Group will prioritise initiatives to enhance financial performance across its golf business while seeking to identify and capitalise on additional development opportunities. This approach aims to bolster competitiveness and optimise returns for our shareholders.

## APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our management and staff for their hard work and support. Furthermore, I would like to take this opportunity to express my heartfelt gratitude to all of our valuable shareholders, investors, suppliers, business partners and customers for their continuous support and confidence in the Group. The management team and all staff members of the Group will continue striving for better results for the Group and bringing value to the Company and returns to the shareholders.

**LIU Jincheng**  
*Chairman*

Hong Kong, 27 March 2026



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESULTS AND BUSINESS REVIEW

Our Group experienced a tough year in 2025 as the United States of America (the “**United States**”) significantly increased tariffs on imported goods. Golf products exported from the PRC were charged with higher tariff by the United States which adversely affected the Group’s business.

To combat the challenges of the depressed golf industry, the Group pursued diverse marketing strategies to strengthen the customer relationship with value added services. As the Group carried on its business mostly with United States customers, the high tariff policy of the United States suppressed the Group’s sales for the year. Major customers generally shift orders to non-Mainland suppliers or withhold shipments for further observation to avoid huge and instant tariff payments. The adverse situation was alleviated when the United States temporarily reduced the tariff rate on the PRC from its peak of 145% to 30% in April 2025 which will last until November 2026. To mitigate the tariff impact of the United States, the Group has been actively exploring opportunities to establish a manufacturing facility outside the PRC so as to avoid persistent business shrinkage. In October 2025, the Group announced the acquisition of a Vietnamese company which operates a golf factory in Haiphong City, Vietnam. Though this move managed to help stabilize and restore customer confidence and willingness to shift orders back, the Group sustained a substantial drop in sales and recorded a significant loss for the year due to the impact of the tariff imposed by the United States.

No revenue was generated by the hospitality segment during the year because of the deferral of the development of the hospitality business until the external restrictive factors in the Commonwealth of the CNMI are resolved. The Group is committed to pursuing rationalization measures to effectively streamline the operations and attain cost optimization. The Board is devoted to exploring more and different potential development opportunities to expand and diversify the business of the Group.

The Group’s revenue for the year ended 31 December 2025 amounted to approximately HK\$190,115,000 (2024: HK\$262,770,000). Loss for the year attributable to owners of the Company escalated to approximately HK\$24,579,000 (2024: HK\$2,364,000). Basic and diluted loss per share were both approximately HK\$0.47 cent for the year ended 31 December 2025 (2024: HK\$0.05 cent).

## GOLF EQUIPMENT BUSINESS

The golf equipment business has been the main operating segment of the Group throughout the years. It generated approximately 91.9% of the Group’s revenue for the year ended 31 December 2025 (2024: 91.6%). Impacted by the tariff measures of the United States, the golf equipment sales plummeted by 27.4% to approximately HK\$174,671,000 in 2025 (2024: HK\$240,569,000).



During the year, sales of golf equipment to the largest segmental customer dropped by 29.6% to approximately HK\$143,348,000 (2024: HK\$203,610,000), representing approximately 82.1% (2024: 84.6%) of the segment revenue or approximately 75.4% (2024: 77.5%) of the Group's revenue for the year, respectively. Sales to other segmental customers for the year showed both increases and decreases under the volatile market environment. Revenue generated from the top five segmental customers declined by 26.7% to approximately HK\$174,356,000 (2024: HK\$237,916,000), representing approximately 99.8% (2024: 98.9%) of the segment revenue or approximately 91.7% (2024: 90.5%) of the Group's revenue for the year, respectively. To strengthen our competitive edge amidst great economic uncertainties, the Group has pursued diverse marketing initiatives with value-added services to assure the best accommodation of customer needs and generation of additional revenue.

To facilitate persistent cost monitoring and control, the Group has strengthened the rationalization measures for the operations of the Shandong manufacturing facility to uplift its production efficiency to achieve higher output. The manufacturing process was modified and upgraded through the employment of more advanced equipment to reduce the re-work and wastage rates which help lower the manufacturing costs. The supply chain was diversified to engage alternative supply sources which could offer more competitive pricing and better product quality. On the other hand, the Group continued its policy to provide performance incentives to motivate the production workforce to target higher outputs. The Shandong manufacturing facility also conducted periodic reviews to timely regulate the headcount of workers to reconcile with the fluctuation in business volume. Through the proactive management, the golf equipment segment was able to deliver sensible performance albeit great economic uncertainties. Besides, the acquisition of the Vietnam manufacturing facility that was completed in December 2025 has contributed to regain more customer orders as Vietnam attracts a lower tariff rate of 20% following the execution of the trade agreement with the United States. It is the Group's policy to engage a professional valuer to conduct an independent valuation of the Shandong manufacturing facility as at each year end date. It was concluded that an impairment loss of approximately HK\$68,000 on the Shandong manufacturing facility was recognised for the year (2024: nil).

Suffering from the sales decline, the golf equipment segment recorded a remarkable decrease in segment profit to approximately HK\$8,076,000 for the year ended 31 December 2025 (2024: HK\$25,363,000). Taking into account the order book status and the economic uncertainties, it is anticipated that the golf equipment business will continue to operate in a highly volatile market with various challenges. The Group has adopted a prudent view with caution on the prospect of the golf equipment business for the ensuing year.

## GOLF BAGS BUSINESS

The golf bags segment had changed its operating mode late last year whereby the golf bags production was subcontracted to external factories. The golf bags segment was then responsible for providing back-up services to subcontractors in connection with customer liaisons, production related affairs and delivery arrangements.



# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue attributable to the golf bags segment, defined as comprising the sales of golf bags and accessories to external customers, decreased by 30.4% to approximately HK\$15,444,000 (2024: HK\$22,201,000), representing approximately 8.1% of the Group's revenue for the year (2024: 8.4%).

The segment revenue for the year comprised golf bags sales of approximately HK\$13,537,000 (2024: HK\$20,567,000) and accessories sales, mainly sports bags, of approximately HK\$1,907,000 (2024: HK\$1,634,000), representing approximately 87.7% (2024: 92.6%) and approximately 12.3% (2024: 7.4%) of the segment revenue, respectively. Sales to the largest segmental customer decreased by 15.6% during the year to approximately HK\$11,061,000 (2024: HK\$13,104,000), representing approximately 71.6% (2024: 59.0%) of the segment revenue or approximately 5.8% (2024: 5.0%) of the Group's revenue for the year. Sales to other segmental customers for the year decreased remarkably in the suppressed market. The aggregate sales to the top five segmental customers dropped by 25.3% to approximately HK\$15,408,000 (2024: HK\$20,635,000), representing approximately 99.8% (2024: 92.9%) of the segment revenue or approximately 8.1% (2024: 7.9%) of the Group's revenue for the year. The golf bags segment has adopted stringent measures to continually rationalize the operations and optimize costs.

Hard hit by the sales reduction, the golf bags segment recorded a segment loss of approximately HK\$1,870,000 for the year ended 31 December 2025 (2024: segment profit of HK\$1,206,000). Taking into account the order book status and the unfavorable market conditions, it is envisaged that the golf bags segment will be operating in a stagnant market with intense competition. Our management has held a cautious view with prudence on the outlook of the golf bags business for the ensuing year.

## HOSPITALITY BUSINESS

The Board has been exploring appropriate diversified business opportunities and investments to expand the revenue sources and enhance the long-term growth potential of the Group. It provides the Group with opportunities to tap into the hospitality segment of the CNMI and savor the development of the tourism and golf related industries in the CNMI.

Due to the shortage of local construction workers and uncertainty of overseas working visa quota in the CNMI, the development will be postponed until all external factors have been resolved. The Group pursued a policy of engaging professional valuer to conduct an independent valuation of the right-of-use assets in the CNMI at each year end date. It was concluded that no impairment loss of the right-of-use assets (2024: nil) was recognised during the year.

During the year ended 31 December 2025, no revenue (2024: nil) was generated from the hospitality business.



## PROSPECTS

The high tariff policy of the United States has created economic turmoil and brought great uncertainties for the business sector. The PRC had initially been charged with exceptionally high tariff rate of 145% by the United States which was then reduced to 30% in April 2025 to last until November 2026 barring any unforeseen prior changes initiated by the United States. During the year, major customers in the United States either shifted orders away to non-Mainland suppliers or withheld shipments for further observation to avoid huge and instant tariff payments. To uphold our competitive edge amidst prolonged economic uncertainties, the Group pursued diverse marketing initiatives to strengthen the customer relationship as augmented by value added services to best accommodate and satisfy the customers' needs. The successful acquisition of the Vietnam manufacturing facility in the fourth quarter of the year 2025 has contributed to restoring customer confidence and regain more orders to mitigate the high tariff impact of the United States. Moreover, the Group has reinforced the stringent measures to effectively rationalize the operations and optimize costs as the prime objective. To substantiate the long-term development of the golf business, the Group is determined to enhance the customer profile through diverse marketing initiatives supplemented with value-added services. More importantly, the Group has possessed a solid and strong financial position with adequate funds to finance its operations and discharge the liabilities when due. Our management has adopted a prudent view with caution on the prospects of the golf business for the foreseeable future.

Although the development plan in the CNMI has been postponed at the current stage, the Group will continue to observe the hospitality industry trend in the CNMI from time to time and start the development plan in best entry time.

Looking forward, the Group will continue to pursue a cautious business approach to actively monitor the golf business and seize other development and growth opportunities to enhance its competitiveness and strive for the best return and interest for the shareholders.

## DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 31 December 2025 (2024: nil).

## FINANCIAL RESOURCES, LIQUIDITY AND GEARING

The Group has accomplished its working capital and other funding needs principally through cash generated from operations, bank borrowings and amount due to a former Director who resigned on 1 January 2024 and continued as a director of certain subsidiaries. As at 31 December 2025, bank balances and cash, which were mostly denominated in United States dollars, Hong Kong dollars and Renminbi, amounted to approximately HK\$41,956,000 (2024: HK\$116,008,000). The substantial decrease in bank balances and cash was mainly attributable to the repayment of bank borrowings of RMB53,000,000, (equivalent to approximately HK\$56,383,000) and the payment of the acquisition cost of the Vietnam company of approximately HK\$19,500,000 during the year. As at 31 December 2025, there was no bank borrowing outstanding (2024: bank borrowings of RMB53,000,000 equivalent to approximately HK\$56,383,000 which were all repayable within one year and carried fixed interest rates ranging from approximately 3.20% to 3.55% per annum). Amount due to the former Director of approximately HK\$40,496,000 as at 31 December 2025 (2024: nil) was unsecured, carrying interest at 9.75% (2024: 9.75%) per annum and repayable on demand.



# MANAGEMENT DISCUSSION AND ANALYSIS

On 17 November 2025, the convertible bonds (“**CB**”) with a carrying amount of the liability component amounting to HK\$68,198,000 and of the equity component amounting to HK\$8,333,000 were converted into 650,000,000 new ordinary shares at a conversion price of HK\$0.114 per share and a share premium of HK\$70,031,000 (2024: nil). No redemption, purchase or cancellation by the Company has been made in respect of the CB during the year ended 31 December 2025 (2024: nil).

As at 31 December 2025, no principal amount of the CB that remained outstanding (2024: HK\$74,100,000) of which no (2024: a maximum of 650,000,000) shares may fall to be issued upon their conversions, subject to anti-dilution adjustments provided in the terms of the CB. Details of the terms of the CB are set out in the Company’s circulars dated 30 September 2016 and 9 December 2020.

As at 31 December 2025, the gearing ratio, defined as bank borrowings, amount due to the former Director and convertible bond less bank balances and cash divided by the total equity, was not applicable as it was a net bank balance and cash position of approximately HK\$1,460,000. The comparative gearing ratio as at 31 December 2024 calculated per above definition was 1.6%.

As at 31 December 2025, the total assets and the net asset value of the Group amounted to approximately HK\$395,634,000 (2024: HK\$399,972,000) and approximately HK\$272,817,000 (2024: HK\$227,612,000), respectively. Current and quick ratios as at 31 December 2025 were approximately 1.19 (2024: 1.58) and approximately 0.90 (2024: 1.41), respectively. Both the current ratio and quick ratio decreased mainly due to the utilization of cash for the acquisition of Hio Pro (Vietnam) Sporting Goods Company Limited (“**Hio Pro (Vietnam)**”) during the year. The Group is devoted to continually exploring feasible ways to rationalize and improve its financial position from time to time.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Company announced on 14 October 2025 that an indirect wholly-owned subsidiary of the Company, namely, SG Manufacturing Company Limited (formerly known as “**Sino Golf Manufacturing Company Limited**”) (the “**Purchaser**”) has entered into a sale and purchase agreement with Hio Pro Sporting Goods Limited (the “**Vendor**”) to acquire from the Vendor the entire paid-up capital of Hio Pro (Vietnam) at a consideration of US\$2,500,000 (the “**Acquisition**”). Hio Pro (Vietnam) operates a golf equipment manufacturing factory in Hai Phong City, Vietnam. The Acquisition was closed on 1 December 2025 and since then Hio Pro (Vietnam) became an indirect wholly-owned subsidiary of the Company.

As the Vendor was owned by a son of a director, namely Chu Chun Man Augustine, of the Purchaser, the Vendor was considered a connected person of the Company at the subsidiary level and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Reference is made to the announcement published by the Company dated 14 October 2025 containing more details and terms of the Acquisition.

Except as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries, associated companies or joint ventures for the year ended 31 December 2025.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, the Group did not have future plans for material investments or capital assets in the coming year.



## PLEDGE OF ASSETS

As at 31 December 2025, there was no bank borrowing which was secured by property, plant and equipment and the right-of-use assets of the Group. On the preceding comparative date as at 31 December 2024, bank borrowings from a PRC bank of RMB53,000,000 which was equivalent to approximately HK\$56,383,000 were secured by property, plant and equipment and the right-of-use assets of the Group with a carrying value of approximately HK\$63,698,000.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of operations to which they relate. The currency giving rise to this risk is primarily RMB. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against Hong Kong dollars. The Group had not entered into any derivative contracts to hedge against the risk in the year of 2025. The Group will review and monitor its currency exposure from time to time and, when appropriate hedge its currency risk.

## CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2025.

## EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2025 up to the date of this Annual Report.

## CHANGE OF COMPANY NAME, STOCK SHORT NAME AND COMPANY WEBSITE AFTER THE REPORTING PERIOD

Following the passing of the special resolution in relation to the proposed change of Company name by the shareholders of the Company at the special general meeting held on 13 January 2026, the English name of the Company has been changed from "SINO GOLF HOLDINGS LIMITED" to "Hanfort Development Holdings Limited", and the Chinese name "漢成發展控股有限公司" has been adopted as the secondary name in Chinese to replace the former Chinese name "順龍控股有限公司" (the "**Change of Company Name**"), both with effect from 16 January 2026 pursuant to the certificate of change of name and the certificate of secondary name issued by the Registrar of Companies in Bermuda on 20 January 2026.

Following the Change of Company Name, the stock short name of the Shares for trading on the Stock Exchange was changed from "SINO GOLF HOLD" to "HANFORT DEV H" in English and from "順龍控股" to "漢成發展控股" in Chinese with effect from 9:00 a.m. on 11 February 2026. The stock code of the Company on the Stock Exchange remains unchanged as "00361".

The Company's website was changed from "www.sinogolf.com" to "www.hanfort.com" with effect from 5 February 2026.



# MANAGEMENT DISCUSSION AND ANALYSIS

## TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

## CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitments, which are contracted but not provided in the consolidated financial statements in respect of plant and equipment, amounting to approximately HK\$75,000 (2024: HK\$72,000).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had approximately 840 employees located mainly in Hong Kong, Vietnam and the PRC (2024: 680 employees located mainly in Hong Kong and the PRC). Employee benefit expenses (including directors' emoluments) was approximately HK\$72.0 million for the Year Ended 2025 (Year Ended 2024: approximately HK\$73.4 million). It is the Group's strategy to maintain a harmonious relationship with its employees through provision of competitive remuneration packages and career development opportunities. The employees are remunerated based on their duties, experience and performance as well as market practices. The remuneration packages are reviewed annually to assure fairness and appropriateness and discretionary bonuses may be awarded to employees based on individual performance.

## AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management regarding auditing, internal control and financial reporting matters. The Audit Committee has also reviewed the Group's results for the year ended 31 December 2025. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2025.



## EXECUTIVE DIRECTOR

**Mr. LIU Jincheng**, aged 52, was appointed as an executive director, the chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company on 3 December 2025. He has extensive management experience across automotive trade, energy, specialised vehicle manufacturing and sanitation operation services and is currently the chairman of Hans' Energy Group Co., Limited\* (漢成能源集團有限公司) ("Hans' Energy Group"). His professional journey began as a Sales Representative at Shiyuan Materials Trading Co., Ltd. from 1995 to 1999. He subsequently joined Dongfeng Tire Group Automobile Trading Co., Ltd. in 1999, where he advanced from manager of the Lanzhou Branch to general manager of the company since 2000. Between 2001 and 2007, Mr. Liu served as the chairman of Shiyuan Jinlutong Automobile Trading Co., Ltd. He has been the chairman of Hans' Energy Group since 2007.

Mr. Liu obtained a diploma in Marketing from Shiyuan University in 1995 and an Executive MBA in Business Administration from the Cheung Kong Graduate School of Business in 2012. He was recognised as a senior economist by Hubei Province Special Evaluation Committee for Senior Economists in Non-Public Enterprises.

## NON-EXECUTIVE DIRECTOR

**Mr. SUN Xiongfei**, aged 52, was appointed as a non-executive director and a member of the Audit Committee of the Company on 3 December 2025. He has extensive management experience across automotive trade, energy, and real estate industries. Mr. Sun currently serves as the general manager of Shiyuan Hancheng Real Estate Co., Ltd. From 1994 to 2001, he worked as a business manager at Hubei Jingchu Automobile Trading Co., Ltd. Subsequently, from 2001 to 2004, he participated in the investment and establishment of Shiyuan Jinlutong Automobile Trading Co., Ltd., where he served as general manager. From 2004 to 2005, he participated in the investment and establishment of Hubei Yuandong Automobile Sales Service Co., Ltd., where he held the positions of general manager and legal representative, taking full charge of the automotive trade division's operations. Between 2015 and 2018, Mr. Sun joined Hans' Energy Group, overseeing the group's financial management. From 2019 to 2023, he held the position of deputy general manager at Shiyuan Hancheng Real Estate Co., Ltd., and was responsible for financial and cost management in the real estate division. In 2024, he was promoted to executive vice president, taking full charge of the division's operations.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. CHOI Sum Shing Samson**, aged 47, was appointed as a non-executive Director on 19 March 2025 and redesignated as an independent non-executive Director and the chairman of the Audit Committee and a member of the Nomination Committee on 3 December 2025. He also serves as a chief advisor of Baker Tilly Hong Kong on its financial advisory practice. He is currently a non-executive director at Greatview Aseptic Packaging Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 468). From June 2024 to July 2025, he acted as an independent non-executive director at Platt Nera International Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1949). Mr. Choi joined Deloitte Touche Tohmatsu in 2001 and departed in May 2024 with his last position as an equity partner of M&A transaction services. He has extensive experience in accounting and corporate finance, with strong expertise in mergers and acquisitions, financial due diligence, deal execution, and capital raising.

Mr. Choi obtained his bachelor degree in business administration from Hong Kong University of Science and Technology in 2001. He is a fellow member of the Association of Chartered Certified Accountants.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. JIANG Haiyan**, aged 45, was appointed as an independent non-executive director, a member of the Remuneration Committee and the Nomination Committee of the Company on 3 December 2025. She has over 14 years of experience in legal affairs and risk management in the energy industry. From 2006 to 2020, she worked at China Gas Holdings Limited, where she held various positions in the Legal and Risk Control Department, including corporate lawyer, assistant to general manager, deputy general manager, and general manager. From 2017 to 2021, she concurrently served as a supervisor at Zhejiang Weixing Intelligent Metering Instrument Co., Ltd. From 2020 to 2021, she worked as a business manager in the Cost Contract Department of Shenzhen Longgang District Urban Construction Investment Group Co., Ltd., where she was responsible for contract management. Since July 2021, she joined Centrain Investment Group Co., Ltd. and Hong Kong Centrain Technology Co., Ltd. as the general manager of the Legal Affairs Center, overseeing the group's legal matters and the development of its compliance system. From 2022 to 2025, she served as a supervisor of Sinovac Biotech Co., Ltd. From January 2025 to December 2025, she also served as a supervisor of Changyuan Technology Group Co., Ltd.

**Mr. WU Weifeng**, aged 60, was appointed as an independent non-executive director, the chairman of the Remuneration Committee and a member of the Audit Committee on 3 December 2025. He has over 30 years of extensive experience in taxation, auditing, and corporate advisory services, with expertise in corporate governance, financial compliance, and risk management. Since March 2001, he has served as the chairman and general manager of Zhonghui Xinda (Shenzhen) Tax Practice Co., Ltd., and has been chief partner and general manager of Shenzhen Yida Accounting Firm LLC since May 1995. Mr. Wu has years of experience acting as an independent director. From August 2006 to July 2007, he acted as an independent director of Guang Dong Wedge Co., Ltd. (萬澤實業股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 000534). From August 2019 to January 2022, Mr. Wu served as an independent director of Guang Dong Greenway Technology Co., Ltd. (廣東博力威科技股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 688345). From December 2016 to August 2023, he acted as an independent director of Shenzhen Landray Software Co., Ltd. (深圳市藍凌軟件股份有限公司) (a company quoted on National Equities Exchange and Quotations and delisted with effect from 2 May 2017, former stock code: 834906).

He obtained an executive MBA from the Cheung Kong Graduate School of Business in 2012. He is a qualified Chinese Certified Public Accountant (CPA) and Chinese Certified Tax Agent (CTA).

### SENIOR MANAGEMENT

**Mr. CHU Chun Man**, Augustine, aged 68, is a founder of the Group. He was an executive director of the Company until 31 December 2023, and he now remains a director of those subsidiaries engaging in the golf business and general manager of the Company and is responsible for the overall operations and management of the golf business of the Group. Mr. Chu holds a bachelor's degree in commerce from the University of Calgary, Alberta, Canada and an executive master's degree in business administration from the Chinese University of Hong Kong. He has over 40 years of experience in golf equipment manufacturing industry.

**Ms. YIM Sau Ping**, aged 43, is the company secretary of the Company since 10 April 2026. Ms. Yim has accumulated more than 17 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. Ms. Yim is currently the company secretary of another two companies listed on the Stock Exchange. Ms. Yim obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University. She is a fellow member of the Hong Kong Institute of Certified Public Accountants.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. CO Man Kwong**, aged 63, is the operations director of the Group's golf segment. He is responsible for the finance, operations management and strategic planning of the Group's golf segment. Mr. Co joined the Group in September 2002. Prior to that, he worked in an international accounting firm for over 6 years before joining the commercial field. Mr. Co graduated from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants, the United Kingdom, and the Hong Kong Institute of Certified Public Accountants, respectively.

**Ms. LEE May Yee**, aged 56, is the senior marketing manager of the Group. Ms. Lee has over 31 years of experience in the golf equipment manufacturing industry. She graduated with a bachelor's degree in business administration from the Hong Kong Baptist University. She joined the predecessor Group in December 1992 and is currently in charge of the marketing function of the Group's golf business.

**Mr. HUNG Yi Chuan**, aged 63, is the assistant general manager of the Group's production department. He joined the predecessor Group in February 2000 and is currently in-charge of the overall production of the golf equipment operation. Mr. Hung has more than 36 years of experience in golf manufacturing industry.



# DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in Note 35 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

## BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Hong Kong Companies Ordinance can be found in the Chairman's Statement set out on pages 4 to 5 and Management Discussion and Analysis on pages 6 to 12 of this Annual Report.

The financial risk management objectives and policies of the Group are shown in Note 7 to the consolidated financial statements, while key sources of estimation uncertainty facing the Group are found in parts of Note 4 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights set out on page 3 and in the Management Discussion and Analysis from pages 6 to 12 of this Annual Report. An account of the Group's key relationships with its key stakeholders is also found in this Directors' Report.

The above discussions form part of this Directors' Report.

The Group is committed to enhancing governance, promoting employee benefits and development, protecting the environment and giving back to society in order to fulfill social responsibility and achieve sustainable growth. The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible manufacturer of golf equipment, golf bags and related components, the Group has strictly endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental technologies to ensure its merchandise meet the material standards and ethics in respect of environmental protection.

The Group has actively encouraged not to waste materials and supported the extensive use of environmentally friendly raw materials so as to protect the environment and improve air quality through production. Besides, the factories in Mainland China are located and centralised in the production areas which are quite far away from residential buildings, and therefore greatly reduce the impact of pollution such as air and noise pollution.



## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular those that have a significant impact on the Group. The Audit Committee is delegated by the Board to review periodically and monitor the Group's policies and practices in compliance with the legal and regulatory requirements. The key management are encouraged to attend seminars to update the latest knowledge relating to the relevant laws and regulations. Any changes in the applicable laws, rules and regulations which have been effective, may or will take effect in the future are brought to the attention of relevant employees and operation units from time to time.

## RELATIONSHIP WITH EMPLOYEES

The Group strictly complies with relevant employment laws and regulations, constantly optimises its human resource management system, and fully respects and protects its employees' legitimate rights and interests. The Group provides its employees with a healthy and safe working environment and offers them competitive remuneration and benefits, fair promotion opportunities, and a sound training system.

## IMPORTANT RELATIONSHIPS WITH STAKEHOLDERS

The Group regards shareholders, government departments, suppliers, customers and employees as its important stakeholders. To ensure the establishment of a set of sustainable development strategies that effectively manages environmental and social regulatory risks and to provide the appropriate corresponding disclosures, we continued to improve our long-term communications mechanism with various stakeholders. At the same time, a multi-dimensional risk analysis was conducted to identify environmental, social and governance ("ESG") issues that are of interest to the Group's development and stakeholders. For further details regarding our ESG issues, please refer to the section headed "Environmental, Social and Governance Report" of this Annual Report.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

The Directors do not recommend the payment of dividend in respect of the year.

## FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 170 of this Annual Report. This summary does not form part of the audited consolidated financial statements.



# DIRECTORS' REPORT

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 18 to the consolidated financial statements.

## SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in Note 29 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Amended and Restated Bye-laws (the "**Bye-laws**") or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2025.

## CHARITABLE DONATIONS

During the year, charitable donations made by the Group amounted to HK\$530,000 (2024: HK\$720,000).

## EQUITY-LINKED AGREEMENTS

On 7 November 2016, the Company issued convertible bonds (the "**Convertible Bonds**") at an aggregate principal amount of HK\$74,100,000 to Wealth Sailor Limited ("**Wealth Sailor**"), with a maturity date on 7 November 2021. On 30 December 2020, the Company and Wealth Sailor entered into an amendment letter to extend the original maturity date for five years to 7 November 2026 (the "**Extended CB Maturity Date**"). On 22 January 2024, Ms. SO Kit Yee Anita and Ms. LAU Wun Man (Maria) of Ernst & Young Transactions Limited were appointed as joint and several receivers over, among others, the Convertible Bonds. For details of the receivership, please refer to the announcement of the Company dated 22 January 2024.

The Convertible Bonds were interest free, unsecured and denominated in Hong Kong dollars. The bondholders will have the right, during the period commencing from the date of issue of the Convertible Bonds up to the close of business in Hong Kong on the Extended CB Maturity Date to convert all or part of the Convertible Bonds held by it into new ordinary shares of HK\$0.01 each in the share capital of the Company at the conversion price (the "**Conversion Price**") of initially HK\$0.114 per conversion share (subject to adjustments). The Convertible Bonds are convertible into a maximum of 650,000,000 conversion shares at the Conversion Price. No exercise of conversion rights attaching to the Convertible Bonds shall be allowed if the conversion would result in the Company breaching the minimum public float requirement under Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and such breach is not curable at the time of the conversion.



On 17 November 2025, the Convertible Bonds with a carrying amount of liability component amounting to HK\$68,198,000 and equity component amounting to HK\$8,333,000 were converted into 650,000,000 new ordinary shares at a conversion price of HK\$0.114 per share and share premium of HK\$70,031,000 (2024: nil). No redemption, purchase or cancellation by the Company has been made in respect of the Convertible Bonds during the year ended 31 December 2025 (2024: nil).

As at 31 December 2025, no principal amount of the Convertible Bonds that remained outstanding (2024: HK\$74,100,000) of which no (2024: a maximum of 650,000,000) shares may fall to be issued upon their conversions, subject to anti-dilution adjustments provided in the terms of the Convertible Bonds.

Save for the Convertible Bonds, no equity-linked agreements were entered into by the Group, or existed, during the year.

## RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 34(iii) to the consolidated financial statements and in the consolidated statement of changes in equity in this annual report, respectively.

## DISTRIBUTABLE RESERVES

At 31 December 2025, the Company did not have any reserves available for distribution. In accordance with the Companies Act 1981 of Bermuda, the Company's contributed surplus may be distributed in certain circumstances. In addition, the Company's share premium account, in the amount of approximately HK\$469,400,000 (2024: HK\$399,369,000), may be distributed in the form of fully paid bonus shares.

## MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 97.5% of the total sales for the year, and sales to the largest customer included therein amounted to approximately HK\$154,409,000, representing 81.2% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 39.7% of the total purchases for the year, and the purchases from the largest supplier included therein amounted to approximately HK\$11,078,000, representing 12.6% of the total purchases for the year.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital (excluding any treasury shares)) had any beneficial interest in the Group's five largest customers or suppliers.



# DIRECTORS' REPORT

## DIRECTORS

The Directors during the year and as of the date of this Annual Report were:

### EXECUTIVE DIRECTORS

Mr. LIU Jincheng (*Chairman*) (appointed with effect from 3 December 2025)

Mr. WONG Hin Shek (*Chairman*) (resigned as Chairman with effect from 3 December 2025 and resigned as Executive Director with effect from 24 December 2025)

### NON-EXECUTIVE DIRECTORS

Mr. SUN Xiongfei (appointed with effect from 3 December 2025)

Mr. CHOI Sum Shing Samson (appointed with effect from 19 March 2025 and re-designated to independent non-executive Director with effect from 3 December 2025)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHOI Sum Shing Samson (re-designated from non-executive Director with effect from 3 December 2025)

Ms. JIANG Haiyan (appointed with effect from 3 December 2025)

Mr. WU Weifeng (appointed with effect from 3 December 2025)

Mr. SHENG Baojun (resigned with effect from 24 December 2025)

Mr. HO Kwong Yu (resigned with effect from 24 December 2025)

Ms. LIN Lin (resigned with effect from 24 December 2025)

The Company has received an annual confirmation of independence in accordance with Rule 3.13 of the Listing Rules from each of the independent non-executive Directors, namely Mr. CHOI Sum Shing Samson, Ms. JIANG Haiyan and Mr. WU Weifeng, and as at the date of this Annual Report, the Company still considers them to be independent.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 13 to 15 of this Annual Report.

## PERMITTED INDEMNITY PROVISION

Pursuant to code provision C.1.8 in Part 2 of the Corporate Governance Code set out under Appendix C1 to the Listing Rules and subject to the provisions of the Hong Kong Companies Ordinance, the Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of any losses or liabilities incurred, or any legal actions brought against the Directors and senior management of the Group which may arise out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Hong Kong Companies Ordinance.



## DIRECTORS' SERVICE CONTRACTS

The letters of appointment with executive Director and non-executive Director are for an initial fixed term of three years. The letters of appointment are subject to termination in accordance with their respective terms and may be terminated by either party giving to the other not less than one-month prior notice in writing.

Each independent non-executive Director has entered into a letter of appointment with the Company, which does not specify any fixed term of service and may be terminated by either party giving to the other not less than one-month prior notice in writing.

Each Director will be subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Bye-laws.

No Director proposed for re-election at the forthcoming annual general meeting of the Company (the "AGM") has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## REMUNERATION POLICY

The Company has a formal and transparent policy on remuneration of individual Directors and employees, which is reviewed on a regular basis to ensure that it aligns with the market practices.

With the shareholders' approval at a general meeting, the Board is authorised to fix the Directors' remuneration including directors' fees. Other emoluments are determined by the Board with reference to various factors, including but not limited to, directors' duties, responsibilities and prevailing market conditions.

The objective of remunerating non-executive Director is to ensure that there is an appropriate level of remuneration to attract and retain experienced people of high calibre to oversee the Group's business and development.

The Directors believe that the ability to attract, motivate and retain skilled and experienced personnel is of significant importance to the long-term successful development of the Group. It is the Group's strategy to maintain a harmonious relationship with its employees through provision of competitive remuneration packages and career development opportunities. The employees are remunerated based on their duties, experience and performance as well as market practices. The remuneration packages are reviewed annually to assure fairness and appropriateness and discretionary bonuses may be awarded to employees based on individual performance.

## RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund ("MPF") retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. For members of the MPF Scheme, the Group contributes at the lower of HK\$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

Details of the Group's retirement benefits cost are set out in Note 3 to the consolidated financial statements.

## SHARE SCHEME

The Company did not have any share option scheme or share award scheme during the year ended 31 December 2025.



# DIRECTORS' REPORT

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 32 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, or any of its holding company, or any of the Company's subsidiaries and fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, and no contracts of significance between the Company or any of its subsidiaries and the Company's controlling shareholder or any of its subsidiaries, subsisted at any time during the year or at the end of the year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, no Director was interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business which is required to be disclosed pursuant to the Listing Rules.

## MANAGEMENT CONTRACTS

During the year, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in the year under review.

## CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group has entered into a capital sale and purchase agreement (the "**SPA**") with a connected person of the Company at the subsidiary level and the acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 14 October 2025, SG Manufacturing Company Limited (formerly known as "**Sino Golf Manufacturing Company Limited**"), an indirect wholly-owned subsidiary of the Company, has entered into the SPA with Hio Pro Sporting Goods Limited (the "**Vendor**") to acquire from the Vendor the entire paid-up capital of Hio Pro (Vietnam) at a consideration of US\$2,500,000 (the "**Acquisition**"). Hio Pro (Vietnam) operates a golf equipment manufacturing factory in Hai Phong City, Vietnam. The Acquisition was closed on 1 December 2025 and since then Hio Pro (Vietnam) became an indirect wholly-owned subsidiary of the Company.

As the Vendor was owned by a son of a director, namely Chu Chun Man Augustine, of the Purchaser, the Vendor was considered a connected person of the Company at the subsidiary level and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Reference is made to the announcement published by the Company dated 14 October 2025 containing more details and terms of the Acquisition.

Details of the related party transactions of the Group are set out in Note 32 to the consolidated financial statements. All of such related party transactions are regarded as exempt continuing connected transactions of the Company under Rule 14A.76(1) of the Listing Rules.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests or short positions of each of the Directors and the chief executive in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which will have 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 he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed companies (the “Model Code”) set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange are set out as follows:

### LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Capacity/Nature	Number of shares held/interested	Approximate percentage in total interests to the issued share capital of the Company
Mr. LIU Jincheng <sup>(1)</sup>	Interest of controlled corporation	3,251,960,000	55.58%

Note:

- (1) Mr. LIU Jincheng holds 80% of the issued share capital of Hans' Energy Group Co., Limited (the “Hans' Energy Group”). Hans' Energy Group holds 100% of issued share capital of 德信投資股份有限公司. 德信投資股份有限公司 holds 100% of issued share capital of DoThink Investment Limited (“DoThink”). DoThink holds 55.58% of issued share capital of the Company. Therefore, Mr. LIU Jincheng is deemed, or taken to be, interested in 3,251,960,000 shares of the Company held by DoThink for the purpose of the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors and the chief executive of the Company and/or any of their respective associates had any other interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year or at the end of the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies or subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.



# DIRECTORS' REPORT

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2025, the following interests of 5% or more of the issued share capital and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or as otherwise notified to the Company:

### LONG POSITIONS:

Name of Shareholder	Capacity	Number of Shares held and interest in underlying Shares	Approximate % of Shareholding <sup>(1)</sup>
DoThink Investment Limited <sup>(2)</sup>	Beneficial owner	3,251,960,000	55.58%
Hans' Energy Group <sup>(2)</sup>	Beneficial interest held by controlled corporation	3,251,960,000	55.58%
Mr. LIU Jincheng <sup>(2)</sup>	Beneficial interest held by controlled corporation	3,251,960,000	55.58%
Surplus Excel Limited <sup>(3)</sup>	Beneficial owner	313,814,355	5.36%
Ms. YUE Xuqun <sup>(3)</sup>	Beneficial interest held by controlled corporation	313,814,355	5.36%

Notes:

- (1) The calculation is based on the total number of 5,851,250,000 shares in issue as at 31 December 2025.
- (2) DoThink is indirectly wholly owned by Hans' Energy Group, which is owned as to 80% by Mr. Liu Jincheng. Accordingly, each of Hans' Energy Group and Mr. LIU Jincheng is deemed to be interested in the shares held by the DoThink Investment Limited.
- (3) Surplus Excel Limited is a company incorporated in the BVI with limited liability. Ms. YUE Xuqun controls 100% of the equity interest in Surplus Excel Limited and is deemed to be interested in the Shares held by Surplus Excel Limited.

Save as disclosed above, as at 31 December 2025, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## SUFFICIENCY OF PUBLIC FLOAT

Throughout the year ended 31 December 2025, the Company was in compliance with the minimum public float requirement under Listing Rules by maintaining its public float at the level of at least 25% of its total issued shares. As at 31 December 2025, the Company's public float was approximately 44.42% of its total issued shares.

## AUDITORS

SHINEWING (HK) CPA Limited was appointed as auditor of the Company on 24 December 2008 and resigned with effect from 27 April 2023. Grant Thornton Hong Kong Limited ("**Grant Thornton**") was appointed as auditor of the Company with effect from 30 May 2023. For details, please refer to the announcements of the Company dated 27 April 2023 and 4 May 2023, and the circular of the Company dated 9 May 2023.

The consolidated financial statements for the year ended 31 December 2025 were audited by Grant Thornton. Grant Thornton will retire and, being eligible, offer itself for reappointment at the forthcoming AGM. A resolution for the reappointment of Grant Thornton as auditor of the Company will be proposed at the forthcoming AGM.

Save as mentioned above, there was no change in auditor of the Company in any of the preceding three years.

The Directors' Report was approved and authorised for issue by the Board.

ON BEHALF OF THE BOARD

**LIU Jincheng**

*Chairman*

Hong Kong  
27 March 2026



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance to its sustained long-term growth. By adopting the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the “CG Code”) as contained in Appendix C1 to the Listing Rules as the basis for corporate governance practices, the Company will pursue efforts to identify and implement corporate governance practices appropriate to the Company’s needs and circumstances.

The Company has complied with all the applicable code provisions as set out in Part 2 of the CG Code during the year ended 31 December 2025, except for the deviation from code provision C.2.1 in Part 2 of the CG Code as more fully explained hereinafter. The Company has also put in place certain Recommended Best Practices as set out in Part 2 of the CG Code.

## THE BOARD

### COMPOSITION OF THE BOARD

During the year, from 1 January 2025 to 18 March 2025, the Board comprised four Directors, with one executive Director, namely Mr. WONG Hin Shek (Chairman); and three independent non-executive Directors, namely Mr. SHENG Baojun, Mr. HO Kwong Yu and Ms. LIN Lin.

With effect from 19 March 2025, Mr. CHOI Sum Shing Samson was appointed as a non-executive Director.

With effect from 3 December 2025, (i) Mr. LIU Jincheng has been appointed as an executive Director and the chairman of the Board; (ii) Mr. SUN Xiongfei has been appointed as a non-executive Director; (iii) Mr. CHOI Sum Shing Samson has been redesignated as an independent non-executive Director; and (iv) Ms. JIANG Haiyan and Mr. WU Weifeng have been appointed as independent non-executive Directors.

With effect from 24 December 2025, (i) Mr. WONG Hin Shek has resigned as an executive Director; and (ii) Mr. SHENG Baojun, Mr. HO Kwong Yu and Ms. LIN Lin have resigned as independent non-executive Directors.

Each Director (including each non-executive Director) has entered into a letter of appointment with the Company, which does not specify any fixed term of service (except that the initial term of service of each of Mr. LIU Jincheng and Mr. SUN Xiongfei is three years) and may be terminated by either party giving to the other not less than one-month prior notice in writing. Each Director will be subject to retirement by rotation at least once every three years and re-election at the AGM in accordance with the Bye-laws.

Save as disclosed in the section headed “Biographical Details of Directors and Senior Management”, there is no financial, business, family or other material/relevant relationship among the members of the Board.

The Board considers that the composition of the Board provides a strong independent element with a balance of power and influence between individuals on the Board. The biographies of the Directors are set out in this Annual Report under the section headed “Biographical Details of Directors and Senior Management”.

In accordance with bye-law 83(2) of the Bye-laws, as Mr. LIU Jincheng, Mr. SUN Xiongfei, Ms. JIANG Haiyan and Mr. WU Weifeng was appointed as Directors by the Board on 3 December 2025, they will hold office until the next following AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM.

In accordance with bye-laws 84(1) and 84(2) of the Bye-laws, Mr. CHOI Sum Shing Samson will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming AGM.



A circular containing, among other things, details of the forthcoming AGM will be despatched to the Shareholders in due course.

## APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

A formal written procedure and policy has been adopted by the Board for the appointment of new directors. Newly appointed Directors would receive induction on the occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the business and operations of the Company and is fully aware of his/her responsibilities under applicable laws, rules and regulations and the Group's various governance and internal control policies. According to the Bye-laws of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The Bye-laws provides that a director may be removed by way of an ordinary resolution at any time before the expiration of his period of office notwithstanding anything to the contrary in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 in Part 2 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year, each of Mr. WONG Hin Shek (from 1 January 2025 to 3 December 2025) and Mr. LIU Jincheng (from 3 December 2025 to 31 December 2025) acted as the Chairman of the Board and was also responsible for overseeing the general operations of the Group. The Company does not have an officer with the title "Chief Executive Officer". The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operations and execution is vested in the Board itself. The deviation is deemed appropriate and the Board believes that even when vesting the roles of both chairman and chief executive officer in the same person could still provide the Company with strong and consistent leadership and allow for effective and efficient planning and implementation of business decisions and strategies. The Board further considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company.

## INDEPENDENCE OF THE BOARD

Independent Directors enhance the effectiveness and decision-making of the Board by providing objective judgement and constructive challenge to management. The Company has established mechanisms to ensure independent views and input are available to the Board (the "**Board Independence Evaluation Mechanisms**"), which set out the processes and procedures to ensure a strong independent element on the Board that allows the Board to effectively exercise independent judgement to better safeguard shareholders' interests. The objectives of the Board Independence Evaluation Mechanisms are to improve Board effectiveness, maximise strengths and identify the areas that need improvement or further development. The evaluation process also clarifies what actions need to be taken to maintain and improve the Board performance.



# CORPORATE GOVERNANCE REPORT

The key features of the Board Independence Evaluation Mechanisms include:

- **Composition of the Board and Board committees:** The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors. Apart from that, independent non-executive Directors shall be appointed to other Board committees as far as practicable.
- **Independence assessment:** The Nomination Committee must strictly adhere to the nomination policy adopted by the Company (the “**Nomination Policy**”) and any other relevant policies of the Company and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors. Each independent non-executive Director is also required to inform the Company if there is any change in his/her own personal particulars that may materially affect his/her independence. The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the Listing Rules.
- **Professional advice:** Directors may seek further information from the management on the matters to be discussed at board meetings. They may also seek assistance from the Company’s company secretary and, where necessary, obtain independent advice from external professional advisers at the Company’s expense.
- **Conflicts management:** A Director shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has or deemed to have a material interest.
- **Meetings with the Chairman:** The Chairman of the Board shall hold meetings at least annually with the independent non-executive Directors without the presence of other Directors to discuss major issues and any concerns.

The Board reviews the implementation and effectiveness of the Board Independence Evaluation Mechanisms on an annual basis.

The independent non-executive Directors are all experienced with expertise in the related industry or financial aspects who provide valuable advice to the Board, including advice on corporate governance related matters under no undue influence.

The Company has received confirmation of independence from each of the independent non-executive Directors. The Board considers each of the independent non-executive Directors to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The independent non-executive Directors have been identified in all corporate communications that disclose the names of Directors.

## ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership and control of the business operations of the Group including the corporate governance function. Decisions made are driven for the best interests of the shareholders of the Company by maximising the value for shareholders. The Directors formulate strategic directions, oversee the operations and monitor the financial and management performance of the Group as a whole.



The Board is responsible for performing the corporate governance duties as set out under code provision A.2.1 in Part 2 of the CG Code. During the year, the Directors have met to discuss, monitor and deal with the corporate governance matters through the Board meetings, which included a review of (i) the appropriateness of the policies and practices on corporate governance; (ii) the status of training and continuous professional development of the Directors and senior management; (iii) the adequacy of the policies and practices on compliance with legal and regulatory requirements; (iv) the code of conduct and its compliance by the employees and the Directors; and (v) the proper compliance with the CG Code and disclosures in the Corporate Governance Report. Relevant and necessary updates and amendments have been made to ensure a proper standard of the corporate governance practices is in place.

## DELEGATION TO THE MANAGEMENT

The management, consisting of executive Director(s) along with other senior management of the Group, is delegated with the responsibilities to carry out policies set by the Board from time to time and to supervise the day-to-day management of the Group. The management of the Group meets regularly to review the business performance of the Group as a whole, co-ordinate overall resources and make financial and operational decisions.

The Board has delegated some of its functions to the board committees. Matters specifically reserved for the Board's decision include:

- long-term objectives and strategies of the Group;
- material change in or extension of group activities into new business areas;
- preliminary announcements of interim and final results;
- dividends;
- material banking facilities;
- material acquisitions and disposals of assets and/or business;
- annual assessment of the effectiveness of the risk management and internal control systems;
- appointment of members to the Board; and
- other matters of significance, which the management submits for the Board's consideration and decision.

## BOARD DIVERSITY POLICY

The Company has formulated and adopted the board diversity policy (the "**Board Diversity Policy**") for compliance with the code provision of the CG Code concerning the diversity of board members.

The Board recognises the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance. The Board Diversity Policy sets out the approach to achieving diversity on the Board which will include and make good use of differences in the talents, skills, regional and industry experience, cultural and educational background, ethnicity, gender and other qualities of the members of the Board and does not discriminate on the ground of race, age, gender or religious belief. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.



# CORPORATE GOVERNANCE REPORT

The Nomination Committee has the responsibility for identifying and nominating for approval by the Board candidates for appointment to the Board. It takes responsibility for assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and overseeing the Board succession. The Nomination Committee will consider setting measurable objectives for implementing the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress towards achieving those objectives. At present, the Nomination Committee has not set any measurable objectives.

The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to the implementation and effectiveness of the Board Diversity Policy on an annual basis. All appointments of the members of the Board will be based on merit and contribution while taking into account the benefits of diversity on the Board.

The Company values gender diversity across all levels of the Group. At 31 December 2025, the Group had approximately 840 employees (including senior management), with 36% male and 64% female. At present, the Company has achieved gender diversity at the Board with one female Director. The Board targets to maintain at least the current level of female representation. The Company is committed to improving greater gender diversity in the Board, senior management and other employees of the Group. Appropriate emphasis on maintaining gender diversity has been placed on the reviews of board composition, board diversity and succession planning to ensure a pipeline of potential successors in achieving and maintaining gender diversity. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

## DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interests in business of the Group, and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to allow Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.

During the year ended 31 December 2025, all Directors confirmed that they have participated in continuous professional development by attending seminars, in-house briefings or reading materials on the related areas to develop and refresh their knowledge and skills as required under Rule 3.09F and 3.09G of the Listing Rules. Records of Directors' trainings during the year were kept by the Company. The pursued continuous professional development and relevant details are set out below:

During the year ended 31 December 2025, Mr. LIU Jincheng, Mr. SUN Xiongfei, Mr. CHOI Sum Shing Samson, Ms. JIANG Haiyan and Mr. WU Weifeng were appointed as directors of the Company. On 18 March 2025, Mr. CHOI Sum Shing Samson, and on 17 November 2025, Mr. LIU Jincheng, Mr. SUN Xiongfei, Mr. WU Weifeng and Ms. JIANG Haiyan, had obtained legal advice from an external legal adviser qualified to advise on Hong Kong law in relation to the requirements, duties and obligations under the Listing Rules applicable to them as a director of a listed company pursuant to Rule 3.09D of the Listing Rules. Each of them had confirmed that they understood their obligations as a director of a listed company.

Mr. LIU Jincheng, Mr. SUN Xiongfei, Ms. JIANG Haiyan and Mr. WU Weifeng were appointed as Directors on 3 December 2025. Pursuant to Rule 3.09H of the Listing Rules and B(j) of the CG Code, as a first-time director of a listed issuer in Hong Kong, he/she is required to complete at least 24 hours of mandatory training within 18 months of his/her appointment. As at 31 December 2025, Mr. LIU Jincheng, Mr. SUN Xiongfei, Ms. JIANG Haiyan and Mr. WU Weifeng have yet fulfilled the 24 hours mandatory training requirement. The Company will monitor his/her progress closely and provide further disclosure on the completion of the training in the future as required by the Listing Rules.



## DIRECTORS' INSURANCE

The Company has arranged for appropriate liability insurance for the Directors and officers of the Group for indemnifying their liabilities arising from corporate activities. The insurance coverage is reviewed on an annual basis.

## DIRECTORS' ATTENDANCE RECORD

The attendance of each Director at the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and the general meeting of the Company held during the year is set out in the following table:

### Meetings held for the year ended 31 December 2025

	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
<b>Members appointed on 3 December 2025</b>					
<b>Executive Director</b>					
Mr. LIU Jincheng ( <i>Chairman</i> )	2/2	N/A	N/A	N/A	N/A
<b>Non-Executive Director</b>					
Mr. SUN Xiongfei	2/2	1/1	N/A	N/A	N/A
<b>Independent Non-Executive Director</b>					
Mr. WU Weifeng	2/2	1/1	N/A	N/A	N/A
Ms. JIANG Haiyan	2/2	N/A	N/A	N/A	N/A
<b>Member appointed on 19 March 2025</b>					
<b>Independent Non-Executive Director</b>					
Mr. CHOI Sum Shing Samson (redesignated from non-executive director to independent non-executive director on 3 December 2025)	12/12	1/1	N/A	N/A	1/1
<b>Members departed on 24 December 2025</b>					
<b>Executive Director</b>					
Mr. WONG Hin Shek ( <i>Chairman</i> )	13/13	N/A	N/A	3/3	1/1
<b>Independent Non-Executive Director</b>					
Mr. SHENG Baojun	13/13	3/3	5/5	3/3	1/1
Mr. HO Kwong Yu	13/13	3/3	5/5	3/3	1/1
Ms. LIN Lin	13/13	3/3	5/5	3/3	1/1
Total number of meetings held	14	4	5	3	1



# CORPORATE GOVERNANCE REPORT

## BOARD MEETINGS AND PROCEEDINGS

Regular board meetings were held at approximately quarterly intervals. The Directors have access to the advice and services of the company secretary and key officers of the Company's secretarial team for ensuring that the Board procedures, all applicable rules and regulations are followed.

With the assistance of the company secretary, the meeting agenda is set by the Chairman of the Board meetings in consultation with other Board members. Board meeting notices were sent to the Directors at least 14 days prior to each regular Board meeting. Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comments and records respectively. Originals of such minutes, being kept by the company secretary, are open for inspection at any reasonable time on reasonable notice by any Director.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant Board resolution in which he/she or any of his/her associates have a material interest and he/she shall not be counted in the quorum present at the Board meeting.

## BOARD COMMITTEES

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee, the Remuneration Committee and the Nomination Committee.

The majority of the members of the Nomination Committee and all members of the Audit Committee and the Remuneration Committee are independent non-executive Directors. All Board committees are formed with specific written terms of reference which deal clearly with their authorities and duties. Details of the Board committees are set out below:

### 1. AUDIT COMMITTEE

The Audit Committee consists of three members, including Mr. CHOI Sum Shing Samson (chairman), Mr. SUN Xiongfei and Mr. WU Weifeng, who were appointed on 3 December 2025. On the same date, Mr. HO Kwong Yu, Mr. SHENG Baojun and Ms. LIN Lin were resigned from the Chairman and the member of the Audit Committee.

The main duties of the Audit Committee include the following:

- (a) To review the consolidated financial statements and reports and consider any significant or unusual items raised by the responsible accounting and internal audit personnel or external auditor before submission to the Board.
- (b) To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the external auditor.
- (c) To review the adequacy and effectiveness of the Group's financial reporting system, internal control system and risk management system and associated procedures.



During 2025, the Audit Committee performed the duties and responsibilities under its terms of reference and other duties under the CG Code. A summary of work performed by the Audit Committee during the year included the following:

- (a) It has reviewed with the senior management, the accounting and finance officers and the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the 2024 annual report and annual results announcement and the 2025 interim report and interim results announcement with a recommendation to the Board for approval.
- (b) It has met three times with the external auditor to discuss and review their work and findings relating to the review of results, the internal control and risk management review, and the effectiveness of the audit process.
- (c) It has reviewed with the senior management, the accounting and finance officers the effectiveness and compliance procedures of the risk management and internal control systems of the Group.
- (d) It has reviewed the audit plan for the financial year ended 31 December 2025, assessed the external auditor's independence, approved the engagement of external auditor and recommended the Board on the re-appointment of the external auditor.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management regarding auditing, risk management and internal control and financial reporting matters, as well as the effectiveness of the Company's internal audit functions. The Audit Committee has also reviewed the Group's results for the year ended 31 December 2025. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position and results for the year ended 31 December 2025.

## 2. REMUNERATION COMMITTEE

The Remuneration Committee consists of three members, including Mr. WU Weifeng (chairman), Mr. LIU Jincheng and Ms. JIANG Haiyan, who were appointed on 3 December 2025. On the same date, Mr. SHENG Baojun, Mr. HO Kwong Yu and Ms. LIN Lin were resigned from the Chairman and the member of the Remuneration Committee.

The Remuneration Committee has adopted the model code described in code provision E.1.2(c)(i) in Part 2 of the CG Code in its terms of reference. The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets towards the end of each year for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the Directors and the senior management and other related matters. The management is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman of the Board about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee met five times during the year ended 31 December 2025 to (i) review the remuneration policy and structure of the Company; (ii) assess performance of the Directors; and (iii) confirm, approve and ratify the remuneration packages of the Directors and the senior management for the year under review.

The emoluments of the senior management whose profiles are set out in the section headed “Biographical Details of Directors and Senior Management” in this Annual Report fell within the following bands:

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	2	2
HK\$7,000,001 to HK\$7,500,000	–	1
HK\$10,000,001 to HK\$10,500,000	1	–
	5	5



### 3. **NOMINATION COMMITTEE**

The Nomination Committee consists of three members, including Mr. LIU Jincheng (chairman), Mr. CHOI Sum Shing Samson and Ms. JIANG Haiyan, who were appointed on 3 December 2025. On the same date, Mr. WONG Hin Shek, Mr. SHENG Baojun, Mr. HO Kwong Yu and Ms. LIN Lin were resigned from the Chairman and the member of the Nomination Committee.

The primary duties of the Nomination Committee are:

- (a) to review the structure, size and composition of the Board;
- (b) to identify suitable individuals qualified to become board members;
- (c) to assess the independence of independent non-executive Directors;
- (d) to review the effectiveness of the Nomination Policy and the Board Diversity Policy; and
- (e) to make recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships, or on appointment or re-appointment of Directors.

Where vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the Nomination Policy, pursuant to which the Nomination Committee takes into consideration the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews and background checks. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary. Upon considering whether a candidate is suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment. The selected candidate will be recommended to the Board for appointment.

The Nomination Committee met three times during the year ended 31 December 2025 to (i) review the structure, size and composition of the Board; (ii) assess the independence of all and independent non-executive Directors of the Company; (iii) review the effectiveness of the Board Diversity Policy; and (iv) review the terms of reference of the Nomination Committee.



# CORPORATE GOVERNANCE REPORT

## SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all of them confirmed that they have complied with the required standard of dealings set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the year ended 31 December 2025.

## ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibility to prepare the consolidated financial statements which give a true and fair view of the state of affairs and the results and cash flows of the Group. The management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions.

The Directors have selected appropriate accounting policies and applied them consistently, made judgements and estimates that are prudent and reasonable and prepared the consolidated financial statements on a going concern basis in accordance with the statutory requirements and relevant financial reporting standards. The auditor's responsibilities are stated in the section headed "INDEPENDENT AUDITOR'S REPORT" in this Annual Report.

The management has provided the Directors with monthly updates and extracts of the Group's management accounts information so as to enable the Directors to make a balanced and understandable assessment of the Group's performance, position and prospects.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's risk management and internal control system. The risk management and internal control systems are implemented to manage, rather than eliminate, the risks of failure to achieve business objectives to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system therefore serves to provide reasonable but not absolute assurance against material misstatements, losses and fraud.

The Board has delegated to the management which is primarily responsible for the design, implementation and maintenance of the risk management and internal control systems to safeguard the shareholders' interest and the assets of the Group. Budgets, forecasts and variance reports are prepared for management review. The management monitors the business activities closely and reviews results of operations against budgets and forecasts. The main features of the risk management and internal control systems of the Company are comprehensive risk management which covers the entire business process of the Company (including but not limited to material risks relating to the ESG matters) and penetrates full-process control and monitoring.

Proper controls are put in place for safeguarding assets and recording of complete, accurate and timely accounting and management information. These are reviewed periodically by management to ensure proper compliance. Regular audits are carried out to ensure that the financial statements are prepared in accordance with generally accepted accounting principles, the Group's policies and applicable laws and regulations.



The Company has an internal audit function and the personnel who are in charge of the internal audit functions are responsible for carrying out risk assessment and internal audit work on selected areas and will report their findings and irregularities, if any, to the management and advise on necessary steps for rectification and improvement. The recommendations are reviewed with action plans approved by the Audit Committee or the Board.

The Board reviews and assesses the effectiveness of the risk management and internal control systems of the Group once a year to cover the immediately preceding year. The approach of the review includes conducting interviews with relevant management and staff members, reviewing relevant documentation of the risk management and internal control systems and evaluating findings on any deficiencies in the design of the risk management and internal controls and developing recommendations for improvement, where appropriate, which helps resolve material internal control defects (if any) in a timely manner. The scope and findings of their review had been reported to and reviewed by the Audit Committee and the Board.

The following policies and procedures are also in place to enhance and strengthen the risk management and internal control systems:

- (a) the policies regarding procedures of risk management and internal controls for the handling and dissemination of Inside Information have been adopted to ensure that inside information which comes to the knowledge of any one or more officers should be promptly identified, assessed and escalated for the attention of the Board to assess and decide about the need for disclosure in compliance with the requirement of the SFO;
- (b) appropriate policies and practices on the compliance with the applicable legal and regulatory requirements which will be reviewed and monitored by the Board and Audit Committee regularly;
- (c) a whistle-blowing policy and system for employees of the Group and those who deal with the Company to raise concerns, in confidence, about possible improprieties in financial reporting, risk management and internal control or other matters to the Audit Committee or the Board for further investigations, if necessary; and
- (d) an anti-corruption and bribery policy to safeguard against corruption and bribery within the Group. The directors and employees of the Group have a duty to report any potential violations of such policy or any offer of bribery they receive. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training to promote anti-corruption laws and regulations.

The Company engaged professional firms in possession of relevant expertise to conduct annual independent reviews of the risk management and internal control systems of the Group for the financial year ended 31 December 2025, in order to ensure (i) proper process used to identify, evaluate and manage significant risks; (ii) main features of the risk management and internal control systems were identified; (iii) the systems were designed to manage the risks to achieve business objectives and provide reasonable assurance against material misstatement or loss; (iv) appropriate process to resolve material risk management and internal control defects; and (v) effective procedures of risk management and internal controls for inside information management.

The Board has conducted a review of the effectiveness of risk management and internal control systems of the Group including financial, operational, compliance controls, risk management functions and the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Company's accounting, internal audit, financial reporting functions and those relating to the Company's ESG performance and reporting for the year. The Board considered that the Group's risk management and internal control systems are effective and adequate and the Company has complied with the code provisions on the risk management and internal control aspects in general.

## COMMUNICATION WITH SHAREHOLDERS

The Company has maintained an on-going dialogue with shareholders. A policy regarding the communications with shareholders (the “**Shareholders Communication Policy**”) has been established to streamline policies and procedures for provision of appropriate and timely information about the Company to the shareholders, as well as ensuring that shareholders’ views and concerns are appropriately addressed.

The Shareholders Communication Policy is reviewed on a regular basis to ensure its implementation and effectiveness and to reflect current best practices in communications with shareholders and the investment community. The most recent review was conducted in March 2026 and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its shareholders, which include:

- **Shareholders’ enquiries:** Shareholders may make any enquiries with respect to the Company by following procedures set out in the paragraph headed “Shareholders’ Rights – Enquiries from Shareholders” below.
- **Corporate communications:** “Corporate Communications” have the meaning ascribed thereto in the Listing Rules, including but not limited to (i) the directors’ report, the annual accounts together with a copy of the auditor’s report; (ii) the interim report; (iii) notice of general meeting; (iv) a listing document; (v) a circular; and (vi) a form of proxy. Corporate Communications should be made available to the shareholders in a timely manner. They should be in plain language and in both English and Chinese versions. Shareholders are encouraged to provide, amongst others, their contact details (in particular, their email addresses) to the Company’s share registrar, Tricor Tengis Limited, in order to facilitate timely and effective communications.
- **Corporate website:** Information released by the Company for publication on the website of the Stock Exchange is also posted on the website of the Company promptly. Such information includes but is not limited to annual reports, interim reports, announcements, circulars, notices of general meetings and any other information in compliance with continuous disclosure obligations from time to time. Information on the website of the Company is updated on a regular basis.
- **General meetings:** General meetings provide an opportunity for constructive communication between the Company and its shareholders. Appropriate arrangements for the general meetings shall be put in place to encourage shareholders’ participation. Notices of AGM, related circulars and forms of proxy will be distributed to the shareholders at least 21 days (or any other period required under the Listing Rules or the Bye-laws from time to time) prior to the respective AGM. The circulars will set out details of the proposed resolutions and other relevant information. The forms of proxy shall also be provided to the shareholders for appointing proxies to attend and vote at the AGM on their behalf. Directors (including non-executive Directors), in particular, the Chairman of the Board committees or their delegates, appropriate senior executives and external auditor shall attend the AGM to answer questions from shareholders. Proceedings of the Company’s general meetings will be reviewed from time to time to ensure that they are in compliance with the requirements under the Bye-laws, the Listing Rules and the applicable laws of Bermuda, and follow good corporate governance practices. Separate resolution on each substantially separate issue will be proposed for voting at the general meeting. The Chairman of the general meeting will propose to vote on the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Bye-laws. Scrutineer will be appointed for the vote-taking at the general meeting. The voting results will be published on the websites of Stock Exchange and the Company subsequent to the conclusion of the general meeting.



- **Investment market communications:** To facilitate communication between the Company, shareholders and the investment community, briefings and presentations are conducted with shareholders and potential investors as appropriate from time to time.

The Chairman of the Board, the Chairman of the Audit Committee, other Directors (including non-executive Directors), the solicitors and the external auditor attended the AGM of the Company held on 25 June 2025 to solicit and understand the views of shareholders and stakeholders and to answer any questions raised by the shareholders. The procedures for voting by poll were explained at the commencement of the meeting. The Chairman of the meeting has demanded poll on each and every resolution (except resolutions which relate purely to procedural or administrative matters) put to the vote in the 2025 AGM. Poll results were posted on the websites of the Stock Exchange and the Company following the meeting.

The forthcoming AGM will be conducted by way of poll for resolutions put to the vote thereat.

## DIVIDEND POLICY

Pursuant to the dividend policy adopted by the Company, declaration and/or payment of dividends are subject to the Board's determination on whether such declaration and/or payment is in the best interests of the Group and the shareholders of the Company. In determining whether any distribution shall be made and the amount of dividends, the Board shall take into account the following factors:

- the Group's actual and expected financial performance;
- the retained earnings and distributable reserves of the Group and each of the members of the Group;
- the level of the Group's debts-to-equity ratio, return on equity and the relevant financial covenants;
- the Group's capacity for current and future operation and future commitments at the time of preparing and making the distribution;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- any restrictions under the laws of Hong Kong and Bermuda and the Bye-laws;
- the dividends received from the Group's subsidiaries and associates, which in turn depend on the ability of those subsidiaries and associates to pay a dividend;
- the Group's expected working capital requirements;
- general economic conditions, business cycle of the Group's core business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between the expectations of its shareholders and prudent capital management with a sustainable dividend policy.



# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

Ms. CHOI Ka Ying has been the company secretary of the Company for the year ended 31 December 2025 and resigned on 10 April 2026. She has complied with the relevant professional training requirement for company secretary under Rule 3.29 of the Listing Rules.

On 10 April 2026, the Company engages an external service provider, which assigned Ms. YIM Sau Ping as the Company Secretary. Ms. Yim possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary. Mr. LIU Jincheng, an executive Director, is the primary contact person for Ms. Yim.

## SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the shareholders as required to be disclosed pursuant to the CG Code.

### PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Pursuant to bye-law 58 of the Bye-laws, the Board may whenever it thinks fit call special general meetings (i.e. general meetings other than AGM), and shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If, within twenty one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

### ENQUIRIES FROM SHAREHOLDERS

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, through email at [is-enquiries@vistra.com](mailto:is-enquiries@vistra.com). Other shareholders' enquiries with respect to the Company can be directed to the Board either through email at [ir@hanforthholdings.com](mailto:ir@hanforthholdings.com) or by raising questions at general meetings.

### PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

If a shareholder wishes to put forward proposals or propose a person for election as a director of the Company at a general meeting, he or she may deposit a written notice to that effect at the principal place of business of the Company for the attention of the company secretary of the Company. The written notice (i) must include the personal information of the candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the shareholder concerned and signed by the candidate indicating his/her willingness to be elected and consent of publication of his/her personal information.

Further details of the procedures for proposing a person for election as a director are available at the Company's website at [www.hanfort.com](http://www.hanfort.com).



## CONSTITUTIONAL DOCUMENTS

There has not been any change in the Company's Memorandum of Association and Bye-laws during the year ended 31 December 2025.

The latest version of the Memorandum of Association and the Bye-laws has been posted on the website of the Company at [www.hanfort.com](http://www.hanfort.com) in accordance with the requirements of the Listing Rules.

## AUDITOR'S INDEPENDENCE AND REMUNERATION

The total auditor's remuneration charged in respect of audit services and non-audit services for the year ended 31 December 2025, is set out below:

	<b>HK\$'000</b>
Audit services	1,350
Non-audit services:	
– Agreed upon procedure on the interim financial information	75
	<b>1,425</b>

The Audit Committee is mandated to review and monitor the independence of the external auditor to ensure objectivity and the effectiveness of the audit of the financial statements in accordance with applicable standards. Members of the Audit Committee were of the view that the Company's auditor, Grant Thornton, is independent and have recommended the Board to re-appoint it as the Company's auditor at the forthcoming AGM.

## INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Company by phone on (852) 35847933 during normal business hours or by e-mail at [ir@hanfortholdings.com](mailto:ir@hanfortholdings.com).



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT ESG REPORT

This is the Environmental, Social and Governance (“**ESG**”) report of Hanfort Development Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**” or “**we**”), which elaborates our commitments and strategies, and summarises our efforts and achievements in corporate social responsibility and sustainable development from 1 January to 31 December 2025 (the “**Year**”). As for the information on corporate governance, please refer to the Corporate Governance Report of this Annual Report.

## SCOPE OF THE REPORT

The ESG Report focuses on the Group’s sustainability approach and performance in environmental and social aspects of the golf equipment and golf bags business in the People’s Republic of China (the “**PRC**”) and Hong Kong, which are the only revenue-generating segments of the Group currently. The key performance indicators (“**KPIs**”) are based on the performance of Hong Kong offices, which have been included for the first time this Year, and the Group’s subsidiary Linyi SG Company Limited (“**Linyi SG Company**”) which is the major production site of the Group located in Shandong Province.

## REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The ESG Report follows all the principles as stipulated in Appendix C2:

### Materiality:

- Based on the results of the stakeholder engagement and materiality assessment set out in the Stakeholder Engagement and Materiality Assessment, the Group has identified the content of the ESG report, covering the key ESG issues of concern to stakeholders.

### Quantitative:

- Environmental and social KPIs are disclosed in the ESG report. The ESG report sets out the criteria, methodology and references for calculating the KPIs so the stakeholders can be fully informed of the Group’s ESG performance.

### Balanced:

- The Group discloses information in an objective and truthful manner to ensure an unbiased presentation of the Group’s ESG performance.

### Consistency:

- The Group uses consistent reporting and calculation methods within a reasonably practicable range and details significant changes in data or methods in the corresponding sections to achieve comparability of ESG performance.



## RECOGNITION AND APPROVAL

All information contained in ESG Report has been derived from the Group's official documents, statistical data, and management and operational information collected in accordance with the Group's policies, and every effort has been made to ensure the accuracy and reliability of the information presented in this Report. This Report was confirmed and approved by the Board of the Company on 27 March 2026.

## FEEDBACK

We value your views on this report. If you have any comments or suggestions, please contact us via [ir@hanforthholdings.com](mailto:ir@hanforthholdings.com).

## OUR APPROACH TO ESG

### BOARD STATEMENT

The Board is responsible for monitoring the Group's ESG and climate-related issues, including performance, measures, and compliance with relevant laws and regulations. The Board oversees the implementation of ESG and climate-related actions and risk management and reviews the content and quality of the ESG report annually. Members of the Board are also aware of the latest ESG megatrends in the market and keep pace with every ESG transition around the globe.

To precisely manage key ESG issues, the Group employed an independent consulting firm to conduct materiality assessment on ESG issues. To identify the material issues, stakeholder surveys were conducted and industry-specific issues were considered through the use of materiality maps with professional advice. The Board participated in the assessment of the materiality of the Group's ESG issues and eventually approved and confirmed the assessment results of this Year. The management of the Group reports to the Board on the material ESG issues and their respective performance annually and hence the Board is fully aware of the results and will continue to review the engagement channels and activities and monitor the impacts of material ESG issues on relevant stakeholders.

To ensure that ESG issues are managed correctly, the Board has set respective targets with regard to material ESG issues as outlined in the ESG report. The Board will oversee the coordination between departments in line with their respective objectives and regularly review the ESG performance of the Group as well as the overall progress made against the targets set.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDER ENGAGEMENT

The Group believes that active participation and continuous support from its stakeholders play an important role in the long-term success of the Group. We hope to communicate with various stakeholders to improve the Group's sustainable development management system and implement sustainable development goals. Through different communication methods, stakeholders from different fields can express their opinions on the Group, and hence we can respond to their expectations and concerns specifically, which helps improve our ESG performance and strategies as well as our future development.

Stakeholders	Expectations	Management Responses/ Communication Channels
Government and regulators	<ul style="list-style-type: none"> <li>• Compliance with national policies, laws and regulations</li> <li>• Support for local economic growth</li> <li>• Contribution in local employment</li> <li>• Tax payment in full and on time</li> <li>• Safe production</li> </ul>	<ul style="list-style-type: none"> <li>• Regular information reporting</li> <li>• Regular meetings with regulators</li> <li>• Dedicated reports</li> <li>• Inspection and monitoring</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Returns</li> <li>• Compliance operations</li> <li>• Rise in company value</li> <li>• Transparency and effective communication</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Announcements</li> <li>• Email, telephone conversation and company website</li> </ul>
Partners	<ul style="list-style-type: none"> <li>• Operation with integrity</li> <li>• Equal Rivalry</li> <li>• Performance of contracts</li> <li>• Mutual benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Review and appraisal meetings</li> <li>• Business communication</li> <li>• Discussion and exchange of opinions</li> <li>• Engagement and cooperation</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Outstanding products and services</li> <li>• Health and safety</li> <li>• Performance of contracts</li> <li>• Operation with integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Meetings with customers</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Compliance with emission regulations</li> <li>• Energy saving and emission reduction</li> <li>• Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with local environmental departments</li> <li>• Communication with local people</li> <li>• ESG reporting</li> <li>• Regular inspection</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Formulation of industrial standards</li> <li>• Support for industrial development</li> </ul>	<ul style="list-style-type: none"> <li>• Site visits with peers</li> </ul>



Stakeholders	Expectations	Management Responses/ Communication Channels
Employees	<ul style="list-style-type: none"> <li>• Protection of rights</li> <li>• Occupational health</li> <li>• Remunerations and benefits</li> <li>• Career development</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with employees</li> <li>• Employee mailbox</li> <li>• Training and workshop</li> <li>• Employee activities</li> </ul>
Community and the public	<ul style="list-style-type: none"> <li>• Enhancement of community environment</li> <li>• Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Announcements</li> </ul>

We have engaged employees from different departments in the preparation of the ESG report, which enables us to better recognise our current environmental and social performance. The information and data collected are not only a summary of our environmental and social initiatives carried out during the Year but also form the basis for us to map out short-term and long-term strategies for sustainable development.

## MATERIALITY

Given the relevance and validity of this ESG report to the Group's environmental and social performance, the Group has conducted a materiality assessment to identify ESG issues that are critical to the Group's business and stakeholders. An internal stakeholder survey was conducted to rate and rank the ESG issues according to the level of stakeholder concern. With the professional advice of an ESG consulting firm, we also considered the key ESG issues of concern to the industry using materiality maps<sup>1</sup> provided by reputable external organizations. During the Year, we reviewed the previous materiality results and confirmed that 10 material topics were still applicable, which are discussed in detail in the ESG report.

Aspects	Material issues
General	Compliance management
Environmental Protection	Packaging material usage Waste management
Employment and labour practices	Welfare and benefits Occupational health and safety
Operating practices	Customer service, health and privacy Product quality and safety Supply chain management Protection of intellectual property right Anti-corruption

<sup>1</sup> The materiality maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).

## ENVIRONMENTAL PROTECTION

### WASTEWATER DISCHARGE AND AIR EMISSIONS

Despite the fact that production of golf equipment and bags generates only a small amount of air and water pollutants, the Group, as a manufacturer that attaches great importance to environmental protection, spares no effort to control emissions in the production process and regularly arranges environmental compliance inspections to ensure that the Group complies with applicable environmental laws. The Group targets to continuously reduce the emission of air and water pollutants.

The wastewater generated by the Group mainly included general effluent, production wastewater (such as wastewater from manufacturing processes, waste liquid and circulating cooling water) and wastewater from washing equipment, testing solutions, and cleansing water. The Group strictly abides by the Law of the PRC on Prevention and Control of Water Pollution and Water Quality Standards for Sewage Discharge into Urban Sewers and has obtained the Pollutant Discharge Permit. We have a small-scale water treatment plant in our factory, which treats the wastewater generated from the production process through filtration, bio-oxidation and sedimentation. As a result, the pollution level of the wastewater can be limited to that set by the contracted wastewater treatment company. Water discharged from the small-scale water treatment plant will then be transferred to the contracted company for further treatment. The wastewater quality at the discharge outlet tested by the local environmental monitoring station during the Year is shown in the table below.

Water Pollutants	Discharge 2025	Discharge 2024	Discharge standard	Unit
Chemical oxygen demand ("COD")	93	56	500	mg/L
Ammonia-nitrogen	4.08	6.45	35	mg/L
Suspended solids	33	32	300	mg/L

In order to reduce the exhaust emissions generated during the sand blasting process, paint spraying process and casting of clubs, the Group has adopted corresponding control measures to meet the 3rd-period emission standard of the Integrated Emission Standard of Regional Air Pollutants in Shandong Province (DB37/2376-2019). For example, flue gas is treated by baghouse filters and discharged through the 15m-long discharged pipe while dust is collected through a water curtain dust collector. The Group also installed an extra dust extraction system for grinding which could avoid the spreading of dust generated during the grinding process. We strictly abide by the relevant laws and regulations, including but not limited to the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, and have obtained the Pollutant Discharge Permit. The air emissions during the production process tested by the local environmental monitoring station are shown in the table below.

Air Pollutants	Emission 2025	Emission 2024	Emission standard	Unit
Flue dust	2.3	2.7	20	mg/m <sup>3</sup>
Sulfur dioxide	<2	<2	100	mg/m <sup>3</sup>
Nitrogen oxides	15	11	200	mg/m <sup>3</sup>



Besides, sulfur oxides, nitrogen oxides and particulate matter generated by fuel consumption of vehicles also contribute to air pollution of the Group. During the Year, we have taken proactive measures to reduce its environmental impact. These initiatives include the procurement of new electric vehicles, which offer low-carbon and energy-efficient solutions, as well as regular inspections and maintenance of all vehicles to ensure optimal performance and minimize emissions. The emissions from the use of vehicles during the Year are shown in the table below.

<b>Air pollutants</b> <sup>Note 1</sup>	<b>2025</b>	<b>2024</b>	<b>Unit</b>
Sulfur Oxides	<b>80</b>	77	g
Nitrogen oxides	<b>3,531</b>	4,887	g
Particulate matter	<b>260</b>	360	g

Note:

1. The emission factors used are from Appendix 2 Reporting Guidance on Environmental KPIs issued by The Stock Exchange of Hong Kong Limited ("**Appendix 2**").

In order to ensure that wastewater discharge and air emissions meet the corresponding standards and to mitigate the environmental impacts caused by our operation, we have established internal management systems such as the Wastewater and Exhaust Gas Management and Control Procedures and the Regulations on Wastewater Quality Inspection. We also regularly arrange qualified testing organizations to test the quality of wastewater discharge and air emissions. In case of failure to meet the emission standards, we follow the Emergency Plan for Environmental Accidents to carry out emergency and corrective plans. During the Year, we abided by all applicable laws and standards on wastewater discharge and air emissions. Non-compliance such as excessive discharge was not observed.

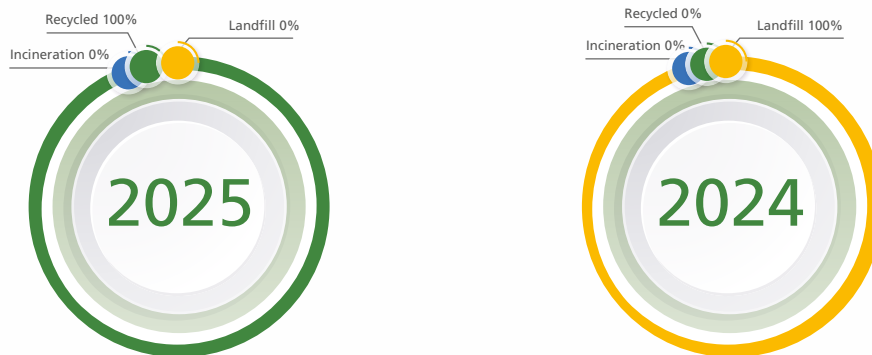
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## WASTE MANAGEMENT AND DISPOSAL

The Group conducts proper waste management with an aim to build a clean and sustainable working and living environment for our employees and the community. The non-hazardous waste generated by the Group mainly includes waste paper, waste metal, waste plastics, waste molds and daily garbage, while the hazardous waste mainly includes industrial oil, waste organic solvent, waste rag and gloves, waste paint buckets, waste paint residues and chemical waste. The amounts of waste generated during the Year by type and by handling method are shown in the following table and figure respectively.

Waste	2025	2024	Unit
Non-hazardous waste	<b>330.64</b>	374	tonnes
<i>Intensity</i>	<b>0.55</b>	0.58	tonnes/employee
Hazardous waste	<b>9.98</b>	10	tonnes
<i>Intensity</i>	<b>0.02</b>	0.016	tonnes/employee

## NON-HAZARDOUS WASTE BY HANDLING METHOD





The Group handles all the waste with great care and strictly complies with relevant provisions, such as the Law of the PRC on Prevention of Environmental Pollution by Solid Waste, Regulations on the Administration of City Appearance and Environmental Sanitation and the Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2001). The Group has also obtained a Hazardous Waste Operation Permit issued by the competent environmental authority, further demonstrating our commitment to regulatory compliance. We provide comprehensive safety training for hazardous waste disposal to employees in the Group, which includes requirements for waste classification and management, such as establishing a hazardous waste management ledger, clearly recording incoming and outgoing information, and regularly reporting to the environmental department. The training also covers emergency handling of hazardous waste and procedures for dealing with leaks, such as immediately reporting leaks to superiors and the Group's production safety management department, organizing emergency response teams to contain the leak, blocking the source, preventing entry into the sewer system, using absorbent materials to collect the leaked substances, and disposing of the waste in designated bins for centralized treatment. Afterward, an investigation is conducted to identify the cause of the leak and prevent future occurrences.

We put great efforts into monitoring the entire waste handling process, including waste collection, transfer, storage and disposal. All waste is regularly collected and stored in a designated area for further sorting. We have different storage zones for storing general waste and hazardous waste, in which fire service, proper ventilation, leakage prevention and seepage control measures are in place. The Group has signed contracts with qualified waste removal operators to collect waste at regular intervals. At the same time, all transfers of hazardous waste are accompanied by a transfer manifest as a detailed record. By doing this, we are able to accurately track information regarding the type of hazardous waste, transportation details, and receiving information. Hazardous waste is removed in accordance with requirements such as the Measures on the Management of Hazardous Waste Transfer Manifest and the Measures for the Administration of Permit for Operation of Dangerous Wastes. The Group has also organized a spillage drill of hazardous waste aiming to strengthen employees' understanding of the classification and storage of hazardous waste, as well as enhancing emergency response of all employees.

Regarding waste reduction, the Group targets to continuously reduce waste disposal. We uphold the principle of "reduction, harmlessness and recycling" of wastes and place three types of waste bins, namely recyclable, non-recyclable and hazardous waste bins in the production area, office and living area. For recyclable waste, components which can be reused are directly used by relevant departments, while other recyclable waste will be collected by a qualified recycler. For example, some waste molds for making golf clubs are collected by relevant parties for making fire bricks.

## NOISE CONTROL

Given the possible noise impacts caused by our operation, the Group is dedicated to strictly controlling the noise level during both daytime and nighttime to minimise the possible noise impacts on the surrounding environment. The boundary noise levels measured by the local environmental monitoring station, with the corresponding standard from Emission Standards for Noise at Factory Boundary of Industrial Enterprise (GB 12348-2008 Functional Zone II), are shown in the table below.

Average noise level	2025	2024	Standard	Unit
At daytime	57.6	56	60	dB(A)
At nighttime	/	46	50	dB(A)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## USE OF RESOURCES

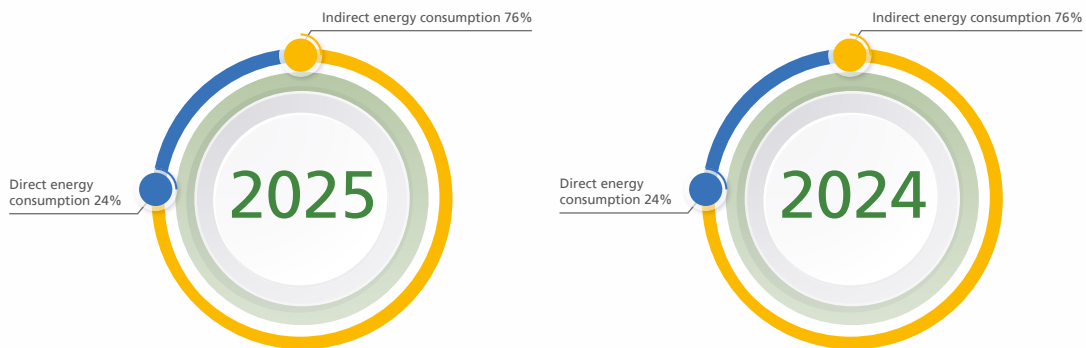
The Group’s energy consumption can be classified into direct energy consumption and indirect energy consumption. Direct energy consumption includes combustion of fossil fuels in boilers, gas cooking stoves and vehicles, while indirect energy consumption includes purchased electricity. For water consumption, production and daily consumption in office have accounted for the majority of water usage of the Group. During the Year, the Group has no issue in sourcing water that is fit for purpose. The energy and water consumption and the distribution of energy consumption by type during the Year are shown in the following table and figure respectively.

Resources	2025	2024	Unit
<b>Energy</b>			
Total energy consumption <sup>Note 1</sup>	<b>10,304</b>	11,772	MWh
Direct energy consumption	<b>2,486</b>	2,837	MWh
Indirect energy consumption	<b>7,817</b>	8,935	MWh
<i>Intensity</i>	<b>17.06</b>	18.25	MWh/employee
<b>Water <sup>Note 2</sup></b>			
Total water consumption	<b>33,093</b>	27,523	m <sup>3</sup>
<i>Intensity</i>	<b>54.79</b>	42.67	m <sup>3</sup> /employee

Note:

1. The conversion factors used are from the national standard of the PRC on gasoline for motor vehicles (GB17930-2016) and the guidelines on greenhouse gas emission accounting and reporting provided by the NDRC of the PRC.

## ENERGY CONSUMPTION BY TYPE





In addition to implementing the goal of reducing emissions, the Group also targets to continuously reduce energy and water consumption by promoting the concept of resource conservation internally and raises employees' awareness of environmental protection. Energy and water saving not only reduce operational costs of the Group but also contributes to the Group's sustainable development. Therefore, we have promulgated the Provisions on Energy Conservation and Emission Reduction in Office to enhance electricity management, reduce consumption of water, paper and office supplies and optimise employees' commuting. For example, we encourage our employees to switch off unnecessary lights and electronic equipment while not in use, maximise the use of natural lighting, limit font size to reduce paper use, check for hidden water leakage periodically and fix dripping taps immediately once problems are found, and replace business trips with conference calls if possible. We have also adopted measures such as recycling cooling water to reduce resource consumption in the production process and have searched for new technologies and processes to increase production efficiency and reduce energy and material consumption.

## Electricity conservation

- Replacing ordinary lamps with LED lamps, using natural light as much as possible during daytime, and turning off "long light";
- Setting computers, copiers, printers and other office equipment to automatically enter the low-energy sleep state when idle and to shut down in time when not in use for a long time so as to reduce standby energy consumption;
- Adjusting the brightness of computer monitors to a suitable value;
- Turning off power supply of computers, water dispensers, lamps and other indoor facilities before getting off work.

## Water conservation

- Strengthening the maintenance and management of water equipment and drainage systems and water-saving renovation to eliminate the running, spraying, leakage, dripping and long-flowing of water;
- Lowering the water level of toilet tanks, and reducing the water pressure taps as well as the water flow of urinals;
- Establishing and improving the rules and regulations on water conservation, and actively promoting the use of water-saving equipment;
- Posting water-saving slogans in toilets, and employing special personnel to inspect taps, toilet tanks and water dispensers periodically to avoid water leakage.

## Paper and office supplies

- Standardising the provision, procurement and receiving of office supplies, and giving priority to office equipment with low energy consumption and environmental impact;
- Making full use of office automation platform, and sending general notices, documents and data through the network to reduce the use of printers and faxes;
- Approving the number of documents to be issued accurately, avoiding copying documents that can be circulated and implementing double-sided printing;
- Simplifying meetings, and coordinating the arrangements for reception work efficiently and economically;
- Conducting regular statistics of resource consumption, and strengthening quantitative management.

## Commuting

- Using internet, telephone, video conferencing and other electronic means of communication to reduce unnecessary travel;
- Riding bicycles or walking in the factory in non-emergency situations;
- Encouraging carpooling in public activities to reduce air pollution;
- Improving driving skills of drivers for scientific and standardised driving, strengthening maintenance of vehicles, and reducing abnormal loss of vehicle components.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's main packaging materials are paper and plastic. Unless specified by customers, the Group prefers using recyclable and environmentally-friendly materials for packaging. The amount of packaging materials consumed during the Year is shown in the following table.

<b>Packaging materials</b>	<b>2025</b>	<b>2024</b>	<b>Unit</b>
Plastic materials consumption	<b>834,450</b>	737,700	Piece
<i>Intensity</i>	<b>0.79</b>	0.59	piece/piece of product
Paper materials consumption	<b>79,856</b>	122,127	Piece
<i>Intensity</i>	<b>0.08</b>	0.10	piece/piece of product

## ENVIRONMENT AND NATURAL RESOURCES PROTECTION

With sustainable development being the consistent goal, we attach great importance to improving the environmental quality of regions where the Group operates. We have discovered that the paint thinner used in our production process can potentially have multiple significant impacts on the environment and natural resources. This includes air pollution caused by volatile organic compounds (VOCs) present in the paint thinner. When paint is applied, VOCs from the thinner evaporate into the air, forming pollutants such as ozone and fine particulate matter. These pollutants are harmful to air quality and pose risks to human health and ecosystems. Additionally, there is the potential for water pollution caused by the application of paint thinner. When cleaning paint tools, these thinners contain hazardous substances such as benzene, toluene, and xylene, which can have toxic effects on aquatic organisms and disrupt the balance of aquatic ecosystems.

Therefore, we have taken a series of measures to reduce the use of paint thinner. Firstly, we have transitioned to using environmentally friendly paints that typically contain lower levels of harmful components and VOCs. This shift helps minimize the negative impact on air quality. Additionally, we are committed to adjusting the dilution ratio of the paint thinner to reduce its overall usage. By precisely calculating and controlling the amount of thinner used, we can minimize the environmental impact without compromising the quality of the paint. This includes using paints with lower dilution requirements, thereby reducing the demand for thinner. In the meantime, we plant trees in and around the factory for greening and reducing carbon emissions. To avoid suspended particles that may affect the health of people and the environment, we install sprinklers throughout the factory.

In order to reduce environmental risk posed by potential accidents, we have compiled the Emergency Plan for Environmental Incidents, Risk Assessment Report for Sudden Environmental Incidents and Investigation Report for Environmental Emergency Resources according to the requirements of local environmental protection departments. Emergency drills for accidents such as chemical leakage are organised regularly and the implementation of contingency plans and other related measures are also continuously reviewed and strengthened.



## CLIMATE CHANGE

Climate change is becoming an increasingly important consideration for the Group, as evolving physical conditions and regulatory developments may influence our operations and financial performance. In line with the disclosure requirements under Appendix C2 of the HKEX ESG Reporting Code, the Group has begun strengthening its approach to identifying, assessing and responding to climate-related risks and opportunities. This includes enhancing oversight, improving internal processes and expanding the information base needed to understand how climate factors may affect our value chain over time. The following sections set out our disclosures on Governance, Strategy, Risk Management, and Metrics and Targets, providing a structured overview of the Group's current progress and ongoing efforts in managing climate-related considerations.

## GOVERNANCE

The Board holds overall responsibility for overseeing the Group's response to climate-related matters, including the identification of risks and opportunities, compliance with applicable regulations, and the integration of climate considerations into business decision-making. In line with its broader ESG oversight role, the Board reviews the Group's climate-related performance, progress, and disclosures on an annual basis, ensuring that climate issues are managed in a manner consistent with the Group's long-term strategic objectives.

To support effective governance, the management provides regular updates to the Board on climate-related developments, including emerging regulatory requirements, industry trends, and operational implications for the Group's manufacturing activities. These climate-related risks and opportunities are then reviewed by the Board annually, to ensure alignment with the Group's strategy, decisions on major transactions, risk management processes and related policies, and where applicable, the setting of targets and monitoring of progress against them, as well as performance metrics in remuneration policies related to climate-related risks and opportunities.

At the operational level, relevant departments are responsible for monitoring climate-related risks within their areas, implementing associated controls and coordinating with management to ensure consistent execution of climate-related policies. Their insights are consolidated and reported upward, enabling a structured flow of information that enhances the Board's oversight of climate-related risk management and performance.

As part of its ongoing commitment to sound governance, the Board continues to review its oversight arrangements, strengthen climate-related competencies through training, and refine internal processes to ensure the Group remains responsive to evolving climate expectations and regulatory requirements.

## STRATEGY

The Group recognises that climate change introduces a range of physical and transition-related challenges that may influence the Group's operations, financial performance, and long-term resilience. To better navigate these evolving conditions, we have incorporated climate considerations into our strategic planning and risk management processes. During the Year, we carried out a structured assessment of climate-related risks and opportunities, taking into account sector-specific factors, recent weather patterns, and workplace conditions relevant to our manufacturing activities. This assessment examined the potential implications for cash flow, access to finance, and cost of capital across three time horizons: short term (2026-2027), medium term (2028-2030), and long term (2030-2050).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The table below summarises the two physical risks, two transition risks, and two opportunities considered most relevant to the Group's value chain. It outlines their expected impacts on our business model as well as the measures we considered to mitigate risks and capture emerging opportunities.

Risk type	Climate risks identified	Time horizon	Potential effects on our business model and value chain	The Group's response
<b>Physical Risks</b>				
Extreme Weather Events	Increasing frequency and severity of storms, heavy rainfall, flooding, and typhoons	Medium to long-term	<ul style="list-style-type: none"> <li>• Temporary suspension of production</li> <li>• Increased repair and maintenance costs</li> <li>• Supply chain interruptions and delays</li> </ul>	<ul style="list-style-type: none"> <li>• Activate safety warnings and special working arrangements during extreme weather</li> </ul>
Frequent Heatwaves	Rising temperatures and prolonged heatwaves	Medium to long-term	<ul style="list-style-type: none"> <li>• Higher electricity consumption for cooling</li> <li>• Reduced labour productivity and increased heat-related safety risks</li> </ul>	<ul style="list-style-type: none"> <li>• Regular monitoring of temperature-related production risks</li> </ul>
<b>Transition Risks</b>				
Policy & Legal	Stricter environmental regulations, including waste management laws, chemical handling requirements, and evolving ESG disclosure standards	Short to medium-term	<ul style="list-style-type: none"> <li>• Higher operating costs due to regulatory compliance</li> <li>• Potential penalties for non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous monitoring of environmental policies and HKEX ESG disclosure standards</li> </ul>
Market	Changing Consumer Preferences, such as demand for low-carbon products	Medium to long-term	<ul style="list-style-type: none"> <li>• Loss of market share if the Group's products do not align with sustainability expectations</li> </ul>	<ul style="list-style-type: none"> <li>• Exploration of more sustainable raw materials and production methods</li> </ul>



Opportunity type	Climate opportunities identified	Time horizon	Effects on our business model and value chain	The Group's response
Resource Efficiency	Adoption of more energy-efficient technologies and material innovations can enhance operational efficiency	Short to medium-term	<ul style="list-style-type: none"> <li>• Lower operational costs and emissions</li> <li>• Improve resource efficiency across manufacturing</li> <li>• Strengthen monitoring of energy and water usage</li> </ul>	<ul style="list-style-type: none"> <li>• Explore to improve material performance and reduce environmental footprint</li> </ul>
Market	Growing customer demand for sustainable and low carbon products	Short to medium-term	<ul style="list-style-type: none"> <li>• New market opportunities through eco-friendly product lines</li> <li>• Strengthened competitiveness through sustainable product offerings</li> </ul>	<ul style="list-style-type: none"> <li>• Explore potential market opportunities for sustainable golf products</li> </ul>

## BUSINESS MODEL AND VALUE CHAIN

During the Year, the Group evaluated the current impacts of the climate-related risks and opportunities identified above on its business model and value chain. Based on this assessment, these impacts are not considered material at present, as existing controls and mitigation measures are effectively addressing the associated risks.

In the future, the Group plans to enhance its capabilities by conducting climate-related scenario analysis. This will enable a more forward-looking understanding of how different climate pathways may influence our future operations, highlight areas of greater vulnerability, and support more informed long-term planning.

## STRATEGY AND DECISION-MAKING

The Group incorporates climate-related risks and opportunities into business planning by embedding low-carbon and resilience considerations across product development, operational practices, and supply chain management. In the short to medium term, our priorities include advancing sustainable product innovation and improving energy and resource efficiency that help reduce the carbon intensity of our operations.

To further strengthen the Group's preparedness, we are continuing to build internal capabilities to support long-term climate planning, including assessing our readiness to develop a dedicated transition plan. Although we have not yet introduced a standalone plan or formal climate targets, our ongoing initiatives provide a solid platform for establishing a more comprehensive roadmap in the future.

In parallel, we continue to support customers' sustainability goals through durable, resource-efficient products, and by exploring opportunities in material circularity, recycling solutions, and process enhancement. As regulatory expectations and market trends evolve, the Group will progressively expand and refine its mitigation and adaptation measures.

In terms of resourcing, the Group leverages its internal research and development capabilities, alongside available internal and external financing channels, to implement climate-related initiatives and foster product innovation. These resources are expected to be sufficient to sustain the Group's low-carbon transition efforts and support long-term growth under an evolving climate policy landscape.

## FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

### CURRENT FINANCIAL EFFECT

During the Year, the Group assessed the financial implications of the climate-related risks and opportunities identified in this section. Based on the evaluation, no material financial effects on the Group's financial position, financial performance or cash flows were identified. Although the Group operates production facilities that may be exposed to extreme weather such as heavy rainfall, typhoons or flooding, existing response measures have been effective in preventing material disruption. These measures include established emergency procedures, protective safeguards within the workplace and regular monitoring of weather related risks.

To the best of the Group's knowledge, no significant adjustments to the carrying value of assets or liabilities are expected in the next annual reporting period as a direct result of climate-related factors.

### ANTICIPATED FINANCIAL EFFECT AND CLIMATE RESILIENCE

The Group recognises the importance of assessing how climate-related developments may influence its business model, value chain and long-term financial performance. As part of strengthening its capability to manage climate-related risks and opportunities, the Group plans to undertake climate-related scenario analysis in future reporting periods. This will support a more forward-looking evaluation of how various climate pathways could affect operating costs, capital expenditure needs, cash flow resilience and the continuity of supply chain activities across the short, medium and long term.

The insights gained from scenario analysis will assist the Group in assessing the robustness of its strategy under different climate conditions and may highlight areas where additional investment in resilience, resource efficiency or process improvements are required. The Group will consider the use of internal resources and existing financing arrangements to support any future measures that may be identified. We will also continue to monitor market practice and developments in methodologies for estimating anticipated financial effects as we prepare for enhanced climate-related financial disclosures in the future.

### RISK MANAGEMENT

The Group integrates climate-related risks and opportunities into its overall risk management processes. This integrated approach ensures that climate considerations are reviewed alongside other operational and strategic risks, and that relevant departments remain aware of potential climate-related impacts on the Group's production activities and supply chain. During the Year, the Group worked with external consultants to identify and assess the climate-related risks and opportunities through research on industry trends, peer practices and regulatory developments. These inputs helped the Group develop an initial understanding of the climate-related issues most relevant to its business model.



To determine which risks require greater attention, the Group considered both the likelihood of each risk occurring and the potential impact it may have on operations, resources, or supply chain continuity. This prioritisation enables the Group to focus on climate-related issues that may pose the most significant challenges. Climate-related risks will continue to be monitored as part of the Group's existing risk management processes. As understanding of climate-related developments improves, the Group plans to strengthen its ability to assess and manage these risks, including by exploring the use of climate-related scenario analysis in future reporting periods. This will support more forward-looking risk assessment and help the Group enhance resilience across its operations and value chain.

## METRICS AND TARGETS

Greenhouse gas (“GHG”) emissions from our production and operation activities can be divided into three scopes: Scope 1 – Direct emissions from sources, including emissions from fuel consumption by boilers, gas cooking stoves and vehicles; Scope 2 – Energy indirect emissions, including emissions from purchased electricity and heating; and Scope 3 – Other indirect emissions. During the Year, we expanded our Scope 3 disclosure to include Category 5: Waste Generated in Operations and Category 7: Employee Commuting, in addition to the previously reported emissions from air business travel, electricity consumption for fresh water and sewage processing, and waste paper disposal at landfills.

We strictly abide by the relevant laws and regulations, including but not limited to Atmospheric Pollution Prevention and Control Law of the People's Republic of China and Air Pollution Control Ordinance of Hong Kong. The Group targets to continuously reduce GHG emissions and to do so, we use electricity to replace some of the natural gas used for heat production in the production process. For more details on the actions planned and done, please refer to the section “Use of Resources” in this ESG report. The GHG emissions during the Year are shown in the following table.

GHG Emissions <sup>Note 1</sup>	2025	2024	Unit
Scope 1 – Direct emissions <sup>Note 2</sup>	500	569	tonnes CO <sub>2</sub> e
Scope 2 – Energy indirect emissions <sup>Note 3</sup>	4,145	5,096	tonnes CO <sub>2</sub> e
Scope 3 – Other indirect emissions <sup>Note 4</sup>	239	18	tonnes CO <sub>2</sub> e
Scope 3 Category 5: Waste Generated in Operations	7	/	tonnes CO <sub>2</sub> e
Scope 3 Category 6: Business Travel	29	/	tonnes CO <sub>2</sub> e
Scope 3 Category 7: Employee Commuting	203	/	tonnes CO <sub>2</sub> e
Total GHG emissions	4,885	5,683	tonnes CO <sub>2</sub> e
GHG emission intensity	8.09	8.81	tonnes CO <sub>2</sub> e/employee

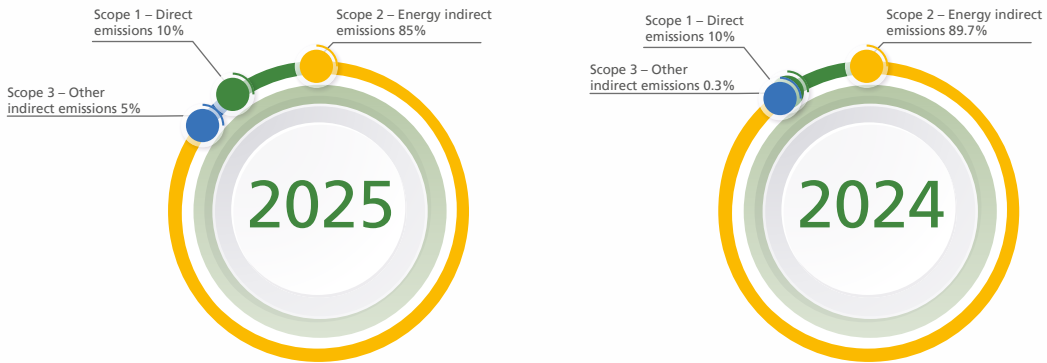
Note:

- The calculation of greenhouse gas emissions is based on the HKEX Appendix 2: Reporting Guidance on Environmental KPIs, and Scope 1 and 2 GHG emissions are measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Scope 3 GHG emissions are calculated in accordance with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). The Group's data includes carbon dioxide, methane and nitrous oxide. For ease of reading and understanding, the GHG emissions data is presented in tonnes of carbon dioxide equivalent (tonnes CO<sub>2</sub>e).

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2. Scope 1 covers the emissions from stationary combustion sources and mobile combustion sources. The emission factors used are from Appendix 2 and the guidelines on greenhouse gas emission accounting and reporting provided by the NDRC of the PRC.
3. Scope 2 covers the emissions from purchased electricity. The calculation of emission is based on the average carbon dioxide emission factor of China regional power grid provided by the NDRC and the guidelines on greenhouse gas emission accounting and reporting provided by the NDRC of the PRC.
4. Scope 3 covers the emissions from Category 5: Waste Generated in Operations, Category 6: Business Travel and Category 7: Employee Commuting. The calculation of emission is based on emission factors from UK Government GHG Conversion Factors for Company Reporting 2025 and the International Civil Aviation Organisation Carbon Emissions Calculator.

## GHG EMISSIONS BY SCOPE





## EMPLOYMENT AND LABOUR PRACTICES

The Group has compiled a series of documents for the social responsibility management system based on the latest trends in the industry's social responsibility. The compiled content includes Recruitment and Hiring System, Protection Regulations for Female Employees, Anti-Harassment, Abuse, and Anti-Discrimination Procedures, Employee Training System, Employee Performance Evaluation and Management System, Occupational Health Management System, and Suggestions Box Management System. These documents fully safeguard the rights and interests of the group's employees in terms of employment conditions, benefits, development and training, and health and safety.

By compiling these social responsibility-related systems, we can also evaluate and improve our performance in terms of social sustainability. This helps ensure that our business has a positive impact both economically and socially and brings value to our stakeholders.

## EMPLOYMENT POLICIES

Employees are the most valuable assets of the Group. We have formulated our employment policies in accordance with the Labour Law of the PRC, the Employment Ordinance of Hong Kong and other applicable laws and regulations. Equal opportunities are offered to our employees in aspects including recruitment, promotion, remuneration and training. Within the three major principles of the Recruitment and Hiring System, we explicitly state the following: the prohibition of employing child labor, the prohibition of employing prison labor or forced labor, and the prohibition of discrimination based on ethnicity, skin color, age, gender, or beliefs. Any form of discrimination against female workers, especially pregnant female workers, is strictly prohibited. During the Year, the Group was not aware of any material noncompliance relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Regarding child labor and forced labor, we strictly adhere to relevant laws and regulations, including but not limited to the Provisions on the Prohibition of the Use of Child Labor in the People's Republic of China and the Labor Contract Law of the People's Republic of China. Based on these regulations, we have established the Remediation of Child Labor and Education System for Underage Workers. The Human Resources Department rigorously verifies the identity of applicants to ensure that they meet the legal working age requirements. The Administration and Personnel Department also encourages employees to report cases of individuals using false identification to enter the Group, aiming to identify child labor and underage workers as early as possible for any reason. Once child labor is discovered, their work must be immediately stopped, and a designated person is responsible for taking the child to the hospital for a health examination. The local labor management department is also notified. If the child is in good health, with the consent of the labor management department, a designated person will arrange for the child to be returned to their parents, and the Group will bear all expenses. If treatment is required, the Group will cover all expenses until the child recovers. As needed, we provide appropriate financial assistance and other resources to ensure that the child labor fulfills their compulsory education obligations until they reach the legal working age. Also, we list the job duties and working hours clearly on the employment contract to prevent forced labour. In case child labour or forced labour is found, the employment will be terminated immediately. Subsequent investigations will be conducted to identify the culprits along with the implementation of remedial actions to prevent future recurrence. During the Year, the Group was not aware of any non-compliance relating to preventing child and forced labour.

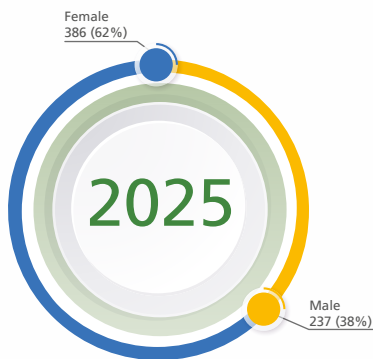
We welcome applicants of all ages, professions and cultures to join us in an effort to diversify the workforce and maximise the advantages of every staff member. In line with the principle of "Open Recruitment, Comprehensive Assessment and Merit-based Admission", recruitment is carried out based on job requirements and applicants' qualifications, abilities and experiences. Job seekers and employees will not be discriminated against based on gender, religion, race, color, place, age, physique or hobby.

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We have also established dedicated Protection Regulations for Female Employees to safeguard the legitimate rights and interests of female employees, promote gender equality in employment, encourage broader and deeper participation of female employees in social and economic activities, enhance social productivity and economic vitality, and reduce and address the specific difficulties faced by female employees due to physiological characteristics, while protecting their physical health. For example, in departments where female employees work, additional protection should be provided to female employees during menstruation, pregnancy, childbirth, lactation, and menopause. In departments with a significant number of female employees, a designated person should be assigned to oversee the labor protection work for female employees.

As at 31 December 2025, the Group had a total of 840 employees. The breakdown of the workforce by gender, employment type, age, and geographical region within the reporting scope, including the Group's subsidiary Linyi SG Company and Hong Kong offices, is presented in the figures below.

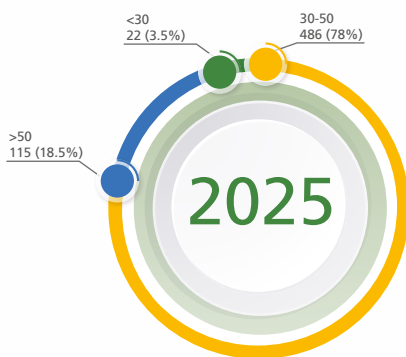
### TOTAL WORKFORCE BY GENDER



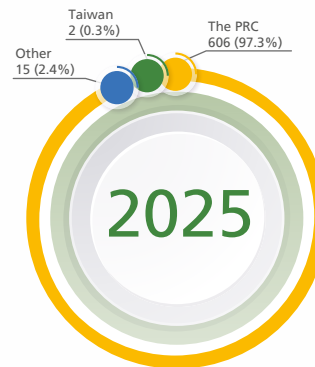
### TOTAL WORKFORCE BY EMPLOYMENT TYPE



### TOTAL WORKFORCE BY AGE



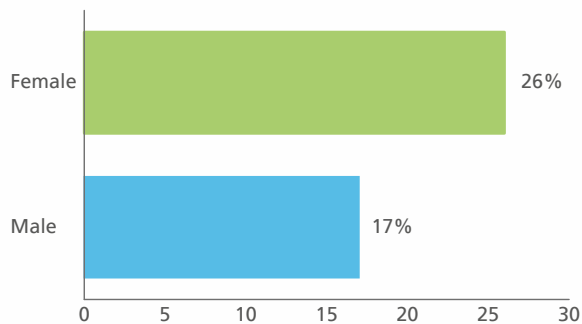
### TOTAL WORKFORCE BY REGION



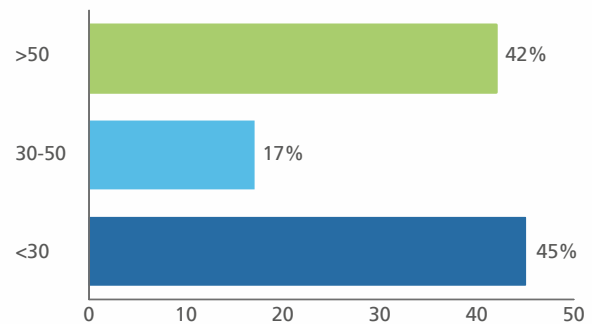


Whenever an employee resigns or is laid off, an exit interview will be arranged by department heads to find out the reasons for resignation to further improve the Group's operation. During the Year, the turnover rate by gender, age and geographical region within the reporting scope, including the Group's subsidiary Linyi SG Company and Hong Kong offices, is shown below.

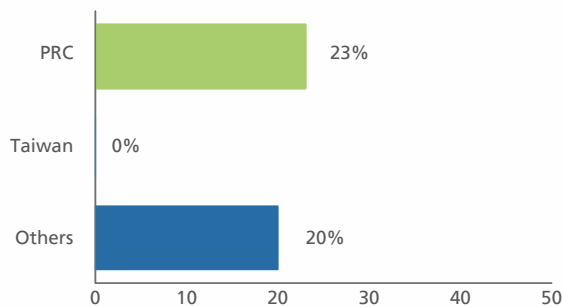
## TURNOVER RATE BY GENDER



## TURNOVER RATE BY AGE



## TURNOVER RATE BY REGION



## REMUNERATION AND WELFARE

Advocating the balance of life and work and providing attractive benefits represent our respect for talents. The Group adopted a comprehensive remuneration policy that employees are rewarded based on their position levels, job duty, working conditions, technical strength and work performance. All the basic salary, overtime pay, allowance, bonus, leaves and penalties are considered when calculating the monthly wages of employees. To enhance our employees' sense of belonging, we provide them with various benefits and grants such as medical subsidies, social insurance, high-temperature subsidies, holiday bonus and welfare products. In addition to statutory holidays, they are also entitled to marriage leave, maternity leave, paternity leave, funeral leave and other holidays. Besides, we commend and reward outstanding employees from all departments quarterly to stimulate employees' working initiatives and establish advanced models. In order to safeguard the physical health of employees in extremely hot summer environments, maintain the benefits they should enjoy, and improve their motivation and work efficiency, we have formulated the Management Regulations for Summer Heat Prevention and High-Temperature Allowance Distribution. This is in accordance with the requirements outlined in the notification on adjusting the standards for summer heat prevention and cooling allowances for enterprise employees in Shandong Province.

These regulations further protect the rights and interests of employees, demonstrate our care and attention towards them, enhance employee satisfaction and loyalty, and contribute to the establishment of a stable workforce.

## DEVELOPMENT AND TRAINING

The Group is committed to nurturing talents as they are the core driving force for the Group's long-term growth and sustainability. Thus, we provide clear development and promotion paths for our employees so that they can grow together with the Group. To make employees qualified for higher positions, we not only formulate training plans on a regular basis, but also closely supervise the implementation of the training plans so that employees are able to acquire suitable knowledge and skills. Training organised by the Group can be divided into two types, namely induction training and on-the-job training.

Induction training, which covers company profile, corporate culture, internal rules and regulations, and codes of conduct, is provided to newly recruited employees to acquaint them with the Group and help them adapt to their working environment. Training specific to each type of workers are also provided to ensure they are well equipped with the skills necessary to perform their routine work at their respective positions. Based on the number of new employees, the induction training is generally conducted from time to time through internal training by the human resources department.

We also provide various on-the-job training both internally and externally, such as those on professional skills, general management skills, career development and psychological development. Internal training is carried out by our part-time lecturers, external trainers or professional institutions, while external training is offered through arranging employees to participate in training activities organised by professional institutes. The Group puts particular focus on the safety awareness of employees, and has thus organized a series of health and safety training for employees during the Year.



The following table shows the percentage of employees trained and the average training hours completed per employee by gender and employee category within the reporting scope, including the Group's subsidiary Linyi SG Company and Hong Kong offices.

Average training hours and percentage (%) of employees trained	2025	2024
<b>By gender</b>		
Male	<b>8(98.31)</b>	8(100)
Female	<b>8(98.70)</b>	8(100)
<b>By employee type</b>		
Senior staff	<b>4(55.56)</b>	8(100)
Junior staff	<b>8(99.83)</b>	8(100)

## OCCUPATIONAL SAFETY AND HEALTH

It is our eternal responsibility to protect the health and safety of employees. Eliminating safety accidents and ensuring safe production are the primary tasks of our production and operation. In accordance with relevant laws and regulations such as Work Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and Occupational Safety and Health Ordinance of Hong Kong, we have formulated a series of policies to continuously enhance the management of occupational health and safety, such as the Occupational Health Management System, the Detection System of Occupational Disease Hazards, the Policy on Personal Protective Supplies Management and the Safety Operation Procedures for Production Processes. We have established work procedures as stipulated in the Occupational Health Management System and the Occupational Hazard Monitoring System. The Group has engaged qualified and certified occupational health technical service organizations to conduct workplace occupational hazard factor testing and evaluation. We have designated personnel responsible for the daily monitoring of occupational hazard factors, and the testing, evaluation, and monitoring are organized and implemented by the Occupational Health Management Department. Additionally, we have established an Occupational Health Work Leadership Group to regularly inspect the operation of occupational health protective equipment and facilities in each workshop. These inspections are documented to strengthen the operation, maintenance, and management of occupational health protective equipment and facilities. During the Year, the Group complies with all relevant laws and regulations relating to occupational health and safety in wherever it operates.

Other relevant measures implemented in our operation include:

- Signing the "Notification of Occupational Hazards", which lists all kinds of hazardous protective measures, with new employees;
- Providing occupational health examinations and establishing occupational health records for employees;
- Arranging proper positions for employees with medical conditions;



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Providing protective clothing, safety shoes, dust masks, earmuffs and other personal protective equipment in light of job requirements and conducting regular assessment of the effectiveness of the equipment;
- Posting warning signs for positions with serious occupational hazards;
- Organizing safety production meetings on how to mitigate the identified safety risks;
- Adopting new technologies, processes and materials that are conducive to the prevention and control of occupational diseases; and
- Providing safety training for employees.

Our health and safety training is structured as a three-level programme, from company, factory to team level. During the Year, we established a comprehensive "Occupational Health and Safety Training Programme". The monthly training sessions covered diverse topics including Material Safety Data Sheet (MSDS) training, Chemical Handling and Safety Training, as well as specialized training for key positions in titanium alloy polishing and foundry operations. These initiatives aimed to enhance safety awareness and standardise operating procedures across all employee levels, thereby mitigating workplace risks and ensuring a safer working environment.

For the prevention and handling of accidents, we have formulated a set of regulations, including the Emergency Response Plan for Production Safety Incidents and the Medical Emergency System for Employees. To ensure prompt, correct and effective emergency response and reduce casualties and economic losses in the face of accidents, we provide medical emergency training for first aiders in various departments and workshops and organise drills regularly. The number of work-related fatalities and lost days due to work-related injuries within the reporting scope, including the Group's subsidiary Linyi SG Company and Hong Kong offices, are presented in the table below.

Safety indicators	2025	2024	2023	Unit
Number of work-related fatalities	0	0	0	person
Number of work-related injuries	4	2	4	person
Lost days to work injuries	138	383	48	day



## OPERATING PRACTICES

### SUPPLY CHAIN MANAGEMENT

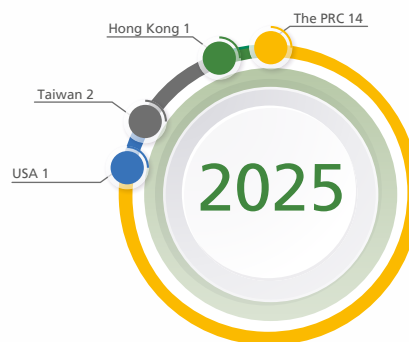
The Group relies on a range of suppliers to provide raw materials for its production, thus, proper management of the supply chain is of high importance. We pay close attention to the selection of suppliers that suppliers are preliminarily evaluated based on categories, specifications, quality and prices of their products together with their business strength, production scale and capability, technical level, corporate credibility, management level and geographical location.

Besides that, we also take into account their performance in the management of environmental impacts and protection of employees' rights. For instance, we examine whether our suppliers or outsourcers have implemented labour protection system, chemical control measures and environmental impact assessment on designated projects. Priority is also given to suppliers with environmental and social certification or international recognition regarding aspects such as environmental management, energy conservation, human rights, occupational safety and anti-corruption. Environmental and social risk along the supply chain is a key concern of the Group, we will continue to review the updates of supply chain-related local policies to identify and understand the associated environmental and social risks.

Suppliers are regarded as qualified only if their products meet our production requirements and our pilot productions are of satisfactory quality. To better manage existing suppliers, we conduct regular assessments of major suppliers in terms of delivery quality, schedule, safety and timeliness to monitor the performance of suppliers and ensure a stable supply of materials. Suppliers who fail the assessment three times in succession will be disqualified from further cooperation. A mechanism for tracking the source of each batch of materials has also been established so that defective materials found during inspection upon arrival or during production can be returned to the supplier for processing.

As a responsible enterprise, the Group also integrates the idea of environmental protection in its supply chain management and procurement. With the aim of reducing carbon emissions and transportation cost, we give priority to purchasing general supplies within the province. For particular production materials, we select suppliers whose production sites are close to our factory on the premise of meeting customers' requirements and production needs. The Group also procures environmentally-friendly materials such as paints that meet EU requirements. There was a total of 18 cooperating suppliers where the practices stated above are being implemented ("**key suppliers**") during the Year and the geographical distribution of the key suppliers is shown in the figure below.

### KEY SUPPLIER NUMBER BY REGION





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## QUALITY CONTROL

In an effort to provide our customers with products of high quality, the Group has been striving for excellence in the quality of its products since its establishment. In terms of compliance, we strictly comply with relevant laws and regulations, including but not limited to the Product Quality Law of the PRC. We also follow all relevant industrial standards on product quality and ensure that all the products meet our customers' requirements on quality and product health and safety.

From the management perspective, the Group has compiled the Quality Manual detailing the Quality Management System of the Group which meets the international standard of ISO9001:2000. The manual, which sets out a clear quality management approach and objectives of the Group, acts as a guide for all relevant departments and personnel when performing quality management work. With the Quality Management System, the Group can achieve a high standard of monitoring on all quality control and inspection procedures such as incoming inspection, storage control, production facility control, final product inspection, packaging, labeling and documentation. It even guides the planning and implementation of employee training programmes designed for quality management and control.

In regard to inspection, the Group has set the Procedures for Product Inspection and Monitoring specifically for guiding the practical operation of inspection and quality control of purchased materials, intermediate goods and final products. Routine inspection of every checkpoint along the production process is performed to examine the appearance and functionality of materials and goods. We also employ professional organisations to calibrate our inspection equipment every year to guarantee its accuracy, and hence product quality.

## CUSTOMER SERVICE

The Group is devoted to providing excellent services for and maintaining a good relationship with customers. A range of channels for gathering customers' opinions has been developed, such as direct conversation with customers, customer complaint channels, surveys and questionnaires, industrial reports as well as reports from consumer bodies.

In respect of complaint handling, we require relevant departments to initiate a preliminary investigation upon receiving customer complaints and reply to customers after analyzing the problems and determining improvement measures. Meanwhile, the employee in charge of complaint handling shall take follow-up actions on the improvement and complete the complaint record sheet so as to optimize product quality and avoid the recurrence of similar problems. A recall procedure will be initiated when significant quality problems of delivered products are reported. During the Year, no large-scale complaints or product recalls was reported.

## ADVERTISEMENT

We usually carry out our marketing activities by periodically visiting clients and attending trade exhibitions. All sales and marketing information is carefully verified before publication to ensure its validity and compliance with relevant laws and regulations, including but not limited to the Advertising Law of the PRC.



## PRIVACY PROTECTION AND INTELLECTUAL PROPERTY RIGHT

To protect the privacy and intellectual property of both the Group and customers, we strictly abide by the relevant laws and regulations, including but not limited to the Law of the PRC on the Protection of Consumer Rights and Interests and the Personal Data (Privacy) Ordinance of Hong Kong, and have stipulated in the Employee Handbook that employees must not reveal any confidential information, including the technical information, during or after their employment. For management cadres, department heads and other personnel who have access to confidential information, a non-disclosure agreement has to be signed which specifies their duties of confidentiality and violation responsibility. In addition, we have also improved the backup, hierarchical storage and management of data by strengthening the establishment of the management information system so as to ensure that important information is properly kept.

## ANTI-CORRUPTION

The Group understands the importance of corruption-free business operation therefore has compiled a set of regulations regarding employees' self-discipline and integrity. Staff at the management level are required to sign the undertaking of integrity, ensuring that they follow all the rules as set out in the regulations. To reinforce employees' anti-corruption awareness and stress the importance of anti-corruption, we have conveyed the message and knowledge of anti-corruption to employees by sending emails and holding meetings. During the year, we further expanded our efforts by providing specific anti-corruption training sessions for procurement staff and certain supervisors, emphasising the necessity of ethical conduct in their professional duties. We rigorously abide by relevant laws and regulations, such as the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC and the Prevention of Bribery Ordinance of Hong Kong. No legal cases regarding corrupt practices were reported during the Year.

To further strengthen the anti-corruption system of the Group, we have established the Suggestion Box Management System. Employees are encouraged to report potential cases regarding violation of internal regulations and infringement upon the interests of the Group or other employees through the reporting system to preclude the possibilities of malpractices in our daily operation. After receiving the reports, the relevant department will conduct an investigation within one month and refer the cases to the management for follow-up actions.

## COMMUNITY INVESTMENT

At the same time of pursuing business development, the Group pursues the fulfillment of corporate responsibility, especially the social commitments to philanthropy. During the Year, the Group has committed to reducing its environmental footprint by switching off all non-essential lights for Earth Hour. We always encourage our employees to participate in public welfare activities. In the long term, we will continue to strive to establish friendly relationships with the community and society.

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## CONTENT INDEX

### HKEX ESG REPORTING CODE CONTENT INDEX

#### “Comply or explain” Provisions

KPIs	HKEX ESG Reporting Code Requirements	Section and Remarks
<b>A. Environmental</b>		
<b>Aspect A1</b>		
General Disclosure	<b>Emissions</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection – Wastewater Discharge and Air Emissions & Waste Management and Disposal
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection – Wastewater Discharge and Air Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Waste Management and Disposal
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Waste Management and Disposal
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection – Wastewater Discharge and Air Emissions
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 Protection – Waste Management and Disposal
<b>Aspects A2</b>		
General Disclosure	<b>Use of Resources</b> Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection – Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Use of Resources
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 Protection – Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection – Use of Resources



## “Comply or explain” Provisions

KPIs	HKEX ESG Reporting Code Requirements	Section and Remarks
<b>Aspect A3</b>		
General Disclosure	<b>The Environment and Natural Resources</b> Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environmental Protection – Environment and Natural Resources Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – Environment and Natural Resources Protection
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1</b>		
General Disclosure	<b>Employment</b> 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 and Labour Practices – Employment Policies
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment and Labour Practices – Employment Policies
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices – Employment Policies
<b>Aspect B2:</b>		
General Disclosure	<b>Health and Safety</b> 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.	Employment and Labour Practices – Occupational Safety and Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Employment and Labour Practices – Occupational Safety and Health
KPI B2.2	Lost days due to work injury.	Employment and Labour Practices – Occupational Safety and Health
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employment and Labour Practices – Occupational Safety and Health

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## "Comply or explain" Provisions

KPIs	HKEX ESG Reporting Code Requirements	Section and Remarks
<b>Aspect B3</b>		
General Disclosure	<b>Development and Training</b> Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment and Labour Practices – Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment and Labour Practices – Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employment and Labour Practices – Development and Training
<b>Aspect B4</b>		
General Disclosure	<b>Labour Standards</b> 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.	Employment and Labour Practices – Employment Policies
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices – Employment Policies
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Practices – Employment Policies
<b>Operating Practices</b>		
<b>Aspect B5</b>		
General Disclosure	<b>Supply Chain Management</b> Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Operating Practices – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operating Practices – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating Practices – Supply Chain Management



## “Comply or explain” Provisions

KPIs	HKEX ESG Reporting Code Requirements	Section and Remarks
<b>Aspect B6</b>	<b>Product Responsibility</b>	
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.	Operating Practices – Quality Control & Customer Service & Advertisement & Privacy Protection and Intellectual Property Right
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Quality Control
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices – Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Privacy Protection and Intellectual Property Right
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Quality Control
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Privacy Protection and Intellectual Property Right
<b>Aspect B7</b>	<b>Anti-corruption</b>	
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.	Operating Practices – Anti-corruption
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.	Operating Practices – Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practices – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operating Practices – Anti-corruption



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## “Comply or explain” Provisions

KPIs	HKEX ESG Reporting Code Requirements	Section and Remarks
<b>Community</b>	<b>Community Investment</b>	
<b>Aspect B8</b>	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.	Operating Practices – Community Investment
General Disclosure	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Operating Practices – Community Investment
KPI B8.1	Resources contributed (e.g. money or time) to the focus area.	Operating Practices – Community Investment
KPI B8.2		



## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

#### (I) Governance

19. An issuer shall disclose information about:

- (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:
  - (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;
  - (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;
  - (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;
  - (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and
- (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:
  - (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and
  - (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.

Climate Change –  
Governance

## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

#### (II) Strategy

#### Climate-related risks and opportunities

20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:

Climate Change – Strategy

- (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;
- (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;
- (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and
- (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.

#### Business model and value chain

21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:

Climate Change – Strategy

- (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and
- (b) a description of where in the issuer's business model and value chain climate related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).



## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

#### Strategy and decision-making

22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:
- (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:
    - (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;
    - (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);
    - (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and
    - (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and
  - (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).
23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).

The Group has not yet developed a climate-related transition plan or set quantitative climate-related targets.

#### Financial position, financial performance and cash flows

##### Current financial effect

24. An issuer shall disclose qualitative and quantitative information about:
- (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and
  - (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

Climate Change – Strategy

## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

#### Anticipated financial effect

25. The issuer shall provide qualitative and quantitative disclosures about:
- (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:
    - (i) its investment and disposal plans; and
    - (ii) its planned sources of funding to implement its strategy; and
  - (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.

Climate Change – Strategy

#### Climate resilience

26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:
- (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:
    - (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;
    - (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and
    - (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;
  - (b) how and when the climate-related scenario analysis was carried out, including:
    - (i) information about the inputs used, including:
      - (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;
      - (2) whether the analysis included a diverse range of climate-related scenarios;
      - (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;
      - (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;
      - (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;
      - (6) time horizons the issuer used in the analysis; and
      - (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);
    - (ii) the key assumptions the issuer made in the analysis; and
    - (iii) the reporting period in which the climate-related scenario analysis was carried out.

The Group has not yet conducted scenario analysis during the Year. In the future, the Group plans to build the necessary capabilities to conduct such analysis.



## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

#### (III) Risk Management

27. An issuer shall disclose information about:

- (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:
  - (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);
  - (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;
  - (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);
  - (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;
  - (v) how the issuer monitors climate-related risks; and
  - (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;
- (b) the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and
- (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.

Climate Change – Risk Management

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

#### (IV) Metrics and Targets

##### Greenhouse gas emissions

<p>28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO<sub>2</sub> equivalent, classified as:</p> <ul style="list-style-type: none"> <li>(a) Scope 1 greenhouse gas emissions;</li> <li>(b) Scope 2 greenhouse gas emissions; and</li> <li>(c) Scope 3 greenhouse gas emissions.</li> </ul>	<p>Climate Change – Metrics and Targets</p>
<p>29. An issuer shall:</p> <ul style="list-style-type: none"> <li>(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;</li> <li>(b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> <li>(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;</li> <li>(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and</li> <li>(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;</li> </ul> </li> <li>(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and</li> <li>(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</li> </ul>	
<p><b>Climate-related transition risks</b></p> <p>30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	<p>Climate Change – Strategy</p>
<p><b>Climate-related physical risks</b></p> <p>31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	<p>Climate Change – Strategy</p>
<p><b>Climate-related opportunities</b></p> <p>32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</p>	<p>Climate Change – Strategy</p>



## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

#### Capital deployment

33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.

The Group has continued to invest resources in energy and resource efficiency initiatives. As the related expenditures were not financially material, they have not been disclosed.

#### Internal carbon prices

34. An issuer shall disclose:

- (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and
- (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.

Currently, the Group has not yet applied internal carbon prices.

#### Remuneration

35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).

Currently, the Group has not yet linked the remuneration policy with climate-related issues. We will explore the potential for adopting in the future.

## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

#### Climate-related targets

37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:

- (a) the metric used to set the target;
- (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);
- (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);
- (d) the period over which the target applies;
- (e) the base period from which progress is measured;
- (f) milestones or interim targets (if any);
- (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and
- (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.

38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:

- (a) whether the target and the methodology for setting the target has been validated by a third party;
- (b) the issuer's processes for reviewing the target;
- (c) the metrics used to monitor progress towards reaching the target; and
- (d) any revisions to the target and an explanation for those revisions.

The Group will explore the potential for setting qualitative and quantitative climate-related targets in the future.



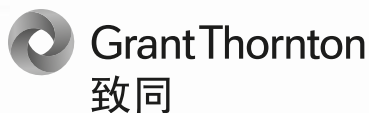
## Climate-related Disclosures

### HKEX ESG Reporting Code Requirements

### Section and Remarks

<p>39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	<p>The Group will explore the potential for setting qualitative and quantitative climate-related targets in the future.</p>
<p>40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> <li>(a) which greenhouse gases are covered by the target;</li> <li>(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;</li> <li>(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;</li> <li>(d) whether the target was derived using a sectoral decarbonisation approach; and</li> <li>(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> <li>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;</li> <li>(ii) which third-party scheme(s) will verify or certify the carbon credits;</li> <li>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and</li> <li>(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).</li> </ul> </li> </ul>	

# INDEPENDENT AUDITOR'S REPORT



**To the members of Hanfort Development Holdings Limited (formerly known as Sino Golf Holdings Limited)**  
*(incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of Hanfort Development Holdings Limited (formerly known as Sino Golf Holdings Limited, the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 87 to 169, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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



## KEY AUDIT MATTERS (Continued)

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

Refer to notes 3, 4, 18 and 19 to the consolidated financial statements.

#### Key audit matter

#### How the matter was addressed in our audit

As at 31 December 2025, the carrying amounts of property, plant and equipment and right-of-use assets were HK\$74,103,000 and HK\$161,462,000, respectively. The property, plant and equipment and right-of-use assets arise mainly from golf equipment and hospitality segments, which are regarded as separate cash-generating units ("CGUs"). In view of uncertainties over the pace of business recovery in golf equipment segment and loss generating status of hospitality segment for the year ended 31 December 2025, the management of the Group has performed impairment testing on the above-mentioned assets included in these two segments.

As at 31 December 2025, the Group's ownership interest in leasehold land and buildings is measured at revalued amount with loss on revaluation of HK\$68,000 recognised during the year ended 31 December 2025. In addition, based on the estimation of the recoverable amount of each CGU with reference to the value-in-use calculation and fair value less costs of disposal, and where appropriate, valuation prepared by the management of the Group and the independent valuers, the management of the Group determined that no impairment loss on the land included in right-of-use assets of hospitality segment was recognised for the year ended 31 December 2025.

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

- discussing the indication of possible impairment with the management of the Group and, where such indicators were identified by the management of the Group, assessing the impairment testing performed by the management of the Group;
- reviewing the cash flows projections used in the value-in-use calculation by agreeing to the financial budgets approved by the directors of the Company and comparing to the actual results available up to the date of the report;
- challenging the appropriateness of the management's judgements and estimates used in the cash flows projections, including the sales growth rates and gross profit margins, against the latest market expectations;
- challenging the discount rates adopted in the value-in-use calculations by reviewing their basis of calculations and comparing the input data to available market sources; and



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (Continued)

### Impairment assessment on property, plant and equipment and right-of-use assets (Continued)

Refer to notes 3, 4, 18 and 19 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
We have identified the impairment assessment of the property, plant and equipment and right-of-use assets as a key audit matter because of their significance to the consolidated financial statements and the involvement of significant judgements and estimates made by the management of the Group and independent valuers in determining the cash flows projections, key inputs and assumptions used in the value-in-use calculation and valuation of the leasehold land and buildings included in the property, plant and equipment and the land included in right-of-use assets.	– challenging, with the assistance of the valuation expert, the valuation methodology, underlying data and inputs used by the management of the Group and independent valuers in respect of the fair value calculations of the leasehold land and buildings included in the property, plant and equipment and the land included in the right-of-use assets.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2025 annual report of the Company, 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.



## 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 of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



# INDEPENDENT AUDITOR'S REPORT

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11<sup>th</sup> Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

27 March 2026

### **Lam Kam Fung**

Practising Certificate No.: P07822

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025



	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	9	190,115	262,770
Cost of sales		(141,148)	(194,176)
Gross profit		48,967	68,594
Other operating income	9	2,947	3,550
Selling and distribution expenses		(199)	(105)
Administrative expenses		(67,004)	(63,645)
Loss on revaluation of ownership interest in leasehold land and buildings	18	(68)	–
Finance costs	11	(8,697)	(8,451)
Loss before tax		(24,054)	(57)
Income tax expenses	12	(525)	(2,307)
Loss for the year	13	(24,579)	(2,364)
Other comprehensive income/(expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		1,586	(296)
Other comprehensive income/(expense) for the year, net of income tax		1,586	(296)
Total comprehensive expense for the year		(22,993)	(2,660)
Loss for the year attributable to:			
– Owners of the Company		(24,579)	(2,364)
– Non-controlling interests		–	–
		(24,579)	(2,364)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(22,993)	(2,660)
– Non-controlling interests		–	–
		(22,993)	(2,660)
		HK cent	HK cent
LOSS PER SHARE	14		
Basic and diluted		(0.47)	(0.05)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	18	74,103	65,295
Right-of-use assets	19	161,462	161,902
Goodwill	20	14,543	–
Club debentures	21	1,322	1,322
Prepayments for the acquisition of property, plant and equipment		134	128
		<b>251,564</b>	228,647
<b>Current assets</b>			
Inventories	22	35,164	18,736
Trade and other receivables	23	66,950	36,581
Bank balances and cash	24	41,956	116,008
		<b>144,070</b>	171,325
<b>Current liabilities</b>			
Trade and other payables	25	116,732	50,984
Lease liabilities	19	4,223	108
Income tax payable		–	1,026
Bank borrowings	26	–	56,383
		<b>120,955</b>	108,501
<b>Net current assets</b>		<b>23,115</b>	62,824
<b>Total assets less current liabilities</b>		<b>274,679</b>	291,471
<b>Non-current liabilities</b>			
Convertible bond	27	–	63,351
Lease liabilities	19	1,862	508
		<b>1,862</b>	63,859
<b>Net assets</b>		<b>272,817</b>	227,612

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025



	NOTE	2025 HK\$'000	2024 HK\$'000
<b>Capital and reserves</b>			
Share capital	29	58,513	52,013
Reserves		211,574	172,869
Equity attributable to owners of the Company		270,087	224,882
Non-controlling interests		2,730	2,730
<b>Total equity</b>		<b>272,817</b>	227,612

The consolidated financial statements on pages 87 to 169 were approved and authorised for issue by the board of directors on 27 March 2026 and were signed on its behalf by:

**LIU Jincheng**  
*Director*

**SUN Xiongfei**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company											
	Share capital HK\$'000 (Note 29)	Share premium HK\$'000	Convertible bond equity reserve HK\$'000 (Note 27)	Contributed surplus HK\$'000 (Note (i))	Assets revaluation reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note (ii))	Exchange fluctuation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
As at 1 January 2024	52,013	399,369	8,333	33,966	-	17	5,961	22,615	(294,732)	227,542	2,730	230,272
Loss for the year	-	-	-	-	-	-	-	-	(2,364)	(2,364)	-	(2,364)
Other comprehensive expense for the year:												
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	(296)	-	-	(296)	-	(296)
Other comprehensive expense for the year	-	-	-	-	-	-	(296)	-	-	(296)	-	(296)
Total comprehensive expense for the year	-	-	-	-	-	-	(296)	-	(2,364)	(2,660)	-	(2,660)
As at 31 December 2024	52,013	399,369	8,333	33,966	-	17	5,665	22,615	(297,096)	224,882	2,730	227,612

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025



## Attributable to owners of the Company

	Share capital	Share premium	Convertible bond equity reserve	Contributed surplus	Assets revaluation reserve	Statutory surplus reserve	Exchange fluctuation reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 29)		(Note 27)	(Note (i))		(Note (ii))						
As at 1 January 2025	52,013	399,369	8,333	33,966	-	17	5,665	22,615	(297,096)	224,882	2,730	227,612
Loss for the year	-	-	-	-	-	-	-	-	(24,579)	(24,579)	-	(24,579)
Other comprehensive income for the year:												
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	1,586	-	-	1,586	-	1,586
Other comprehensive income for the year	-	-	-	-	-	-	1,586	-	-	1,586	-	1,586
Total comprehensive income/(expense) for the year	-	-	-	-	-	-	1,586	-	(24,579)	(22,993)	-	(22,993)
Issue of shares on conversion of convertible bond (note 27)	6,500	70,031	(8,333)	-	-	-	-	-	-	68,198	-	68,198
As at 31 December 2025	58,513	469,400	-	33,966	-	17	7,251	22,615	(321,675)	270,087	2,730	272,817

### Notes:

- (i) The contributed surplus of the Company and its subsidiaries (collectively referred to as the "Group") represents (i) the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor; and (ii) the credit arising from the capital reorganisation of the Company, partially offset by the bonus issue, as set out in the circular of the Company dated 14 December 2015.
- (ii) As stipulated by regulations in the People's Republic of China (the "PRC"), certain subsidiaries in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) to a statutory surplus reserve fund until the balance of the fund reaches 50% of its registered capital and thereafter any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior year losses, or for conversion into registered capital on the condition that the statutory surplus reserve fund shall be maintained at a minimum of 25% of the registered capital after such utilisation.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before tax	(24,054)	(57)
Adjustments for:		
Interest income	(1,116)	(2,300)
Finance costs	8,697	8,451
Depreciation of property, plant and equipment	6,018	5,471
Depreciation of right-of-use assets	6,251	6,057
(Gain)/Loss on disposal of property, plant and equipment	(13)	10
Provision for slow-moving inventories	–	1,579
Write-off of inventories	–	43
Loss on revaluation of ownership interest in leasehold land and buildings	68	–
Operating cash flows before movements in working capital	(4,149)	19,254
Increase in inventories	(5,763)	(3,077)
Increase in trade and other receivables	(16,276)	(16,819)
(Decrease)/Increase in trade and other payables	(4,758)	10,954
Cash generated from operation	(30,946)	10,312
The PRC Enterprise Income Tax paid	(1,011)	(1,537)
Hong Kong Profits Tax paid	(455)	(22)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(32,412)</b>	<b>8,753</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025



	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	214	76
Interest received	1,116	2,300
Purchase of property, plant and equipment	(829)	(4,233)
Acquisition of a subsidiary, net of cash acquired (note 33)	(19,019)	–
NET CASH USED IN INVESTING ACTIVITIES	(18,518)	(1,857)
FINANCING ACTIVITIES		
New bank borrowings raised	22,222	57,051
Decrease in amount due to a former shareholder of a subsidiary	(2,349)	–
Advance from a former director	40,496	–
Repayment to a director of a subsidiary of the Company	–	(32)
Repayments of bank borrowings	(80,114)	(57,141)
Interest paid	(2,491)	(3,327)
Payment of lease liabilities	(398)	(74)
NET CASH USED IN FINANCING ACTIVITIES	(22,634)	(3,523)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(73,564)	3,373
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	116,008	111,965
Effect of foreign exchange rate changes	(488)	670
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER, represented the bank balances and cash	41,956	116,008

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. GENERAL

Hanfort Development Holdings Limited (formerly known as Sino Golf Holdings Limited) (the “Company”) was incorporated as an exempted company with limited liability in Bermuda under the Bermuda Companies Act. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors of the Company, the immediate holding company and ultimate controlling party are DoThink Investment Limited (incorporated in the British Virgin Islands (the “BVI”) (“DoThink”) and Mr. Liu Jincheng respectively.

The addresses of the registered office and the principal place of business of the Company are disclosed in the “Corporate Information” of the annual report.

The principal activity of the Company is investment holding. The principal activities of the Group are (i) manufacturing and trading of golf equipment, golf bags, other accessories, related components and parts; and (ii) the development of an integrated resort, the Commonwealth of the Northern Mariana Islands (the “CNMI”). The principal activities of the subsidiaries of the Company are set out in note 35.

The functional currency of the Company and its subsidiaries incorporated in Hong Kong and the CNMI is United States dollars (“US\$”) while the functional currency of the subsidiaries established in the PRC and Vietnam is Renminbi (“RMB”) and Vietnamese Dong, respectively. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) for the convenience of users of the consolidated financial statements as the Company is a listed company in Hong Kong.

## 2. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

### **Amended HKFRS Accounting Standards that are effective for annual periods beginning on 1 January 2025**

In the current year, the Group has applied, for the first time, the Amendments to HKAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025.

The amendments to HKAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. Besides, the amendments also require an entity to disclose additional information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The adoption of the amended HKFRS Accounting Standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.



## 2. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS (Continued)

### Issued but not yet effective HKFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>1</sup>
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>3</sup> Effective date not yet determined.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRS Accounting Standards that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

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

HKFRS 18 replaces HKAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures".

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "discontinued operation"), depending on the reporting entity's main business activities, in the statement of profit or loss;
- disclosure of management-defined performance measures ("MPMs") in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS (Continued)

### Issued but not yet effective HKFRS Accounting Standards (Continued)

#### *HKFRS 18 "Presentation and Disclosure in Financial Statements"* (Continued)

Besides, narrow-scope amendments have been made to HKAS 7 "Statement of Cash Flows", which include:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are currently working to identify all the impacts of HKFRS 18, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs.

## 3. MATERIAL ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain ownership interest in leasehold land and buildings included in property, plant and equipment that are measured at revalued amounts at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved when the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's return.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Non-controlling interest, unless as required by another standard, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

### Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

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

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



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Revenue from contracts with customer (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes discounts and sales related taxes.

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

The Group recognised revenue from manufacture and sales of (i) golf equipment and related components and parts; and (ii) golf bags, other accessories and related components and parts.

### *Sales of goods*

The Group produces and sells golf equipment, golf bags, other accessories and related components and parts. Revenue from the sales of goods is generally recognised when control of the products has been transferred to the customer. Control of the product is considered transferred to the customer, being at the point the products are delivered to the customer's specific location and the customer has accepted the products. Certain of the Group's golf products are made-to-order with no alternative use for others, but the Group has no enforceable right to the customer's payment for the performance completed to date. Therefore, the directors of the Company consider that the control over such goods is transferred at a point in time, instead of over time.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Payment of the transaction price is usually due within 30-60 days of the date when control of the products is transferred to the customer.

### *Sales of scrap materials, sample and tooling income*

Other income from the sales of scrap materials, sample and tooling income is recognised when control of the products has been transferred to the customer, being at the point the products are delivered to the customer's specific location and the customer has accepted the products.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Leases

#### *Definition of a lease*

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

#### *The Group as lessee*

The Group assesses whether a contract is or contains a lease, at the inception of the contract or modification date or acquisition date, as appropriate. The Group recognises right-of-use assets and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### *Lease liabilities*

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### *The Group as lessee* (Continued)

##### *Lease liabilities* (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured (and with a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

##### *Right-of-use assets*

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use assets.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position. The Group applies HKAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss (see the accounting policy in respect of impairment loss on property, plant and equipment, right-of-use assets and club debentures below).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### *The Group as lessee* (Continued)

##### *Lease modification*

The Group accounts for a lease modification as a separate lease if:

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

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange difference arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve.

### Borrowing costs

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



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are 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.

### Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

### Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “loss before tax” as reported in the consolidated statement of profit or loss and other comprehensive income 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than 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 associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Taxation (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost or revaluated amount less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

#### *Ownership interest in leasehold land and buildings*

When the Group makes payments for ownership interest of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. When the consideration cannot be allocated reliably between the non-lease building element and the undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Ownership interest in leasehold land and buildings held for use in the production or supply of goods are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Revaluations in respect of the ownership interest in leasehold land and buildings are made annually at the end of each reporting period. Any increase in carrying amount of an asset as a result of a revaluation is recognised in other comprehensive income and accumulated in equity under the heading of assets revaluation reserve while downward revaluations are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease is recognised in profit or loss. However, an increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss while a decrease is recognised in other comprehensive income when it reduces the related amount accumulated in assets revaluation reserve.

The assets revaluation reserve in respect of the ownership interest in leasehold land and buildings held for use in the production or supply of goods stated at revaluated amount is transferred directly to accumulated losses when it is realised on retirement or disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Property, plant and equipment (Continued)

#### *Ownership interest in leasehold land and buildings* (Continued)

Depreciation is recognised so as to allocate the cost or fair value of items of property, plant and equipment, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

#### Club debentures

Club debentures with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on property, plant and equipment and right-of-use assets and club debentures below).

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

#### Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts, if any, which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts, if any, are presented as short-term borrowings in the consolidated statement of financial position.

#### Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss, if any.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not contain a significant financing component arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

### Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Financial assets at amortised cost (debt instruments) (Continued)

##### **Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (the "ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other operating income" (note 9).

##### *Impairment of financial assets*

The Group recognises a loss allowance for the ECL on investments in debt instruments that are measured at amortised cost. The amount of the ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group applies a simplified approach in calculating ECL and recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Impairment of financial assets (Continued)

##### **Significant increase in credit risk**

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

##### **Significant increase in credit risk** (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amount.

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

##### **Definition of default**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Impairment of financial assets (Continued)

##### **Credit-impaired financial assets**

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

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

##### **Write-off policy**

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

#### **Measurement and recognition of ECL**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the reporting period.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### **Financial liabilities and equity instruments**

##### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### *Financial liabilities and equity instruments* (Continued)

##### *Classification as debt or equity* (Continued)

#### **Financial liabilities subsequently measured at amortised cost**

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

#### **Derecognition of financial liabilities**

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

#### **Convertible bonds**

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bond into equity, is included in equity under the heading of convertible bond equity reserve.

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bond equity reserve until the conversion option is exercised (in which case the balance stated in convertible bond equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bond equity reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### **Impairment loss on property, plant and equipment, right-of-use assets and club debentures (other than impairment of goodwill set out in the accounting policy of goodwill above)**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating units to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Club debentures are tested for impairment at least annually, and whether there is an indication that they may be impaired.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the 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 had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the observability and significance of inputs, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and not using significant unobservable inputs.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfers occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on a recurring basis by reviewing their respective fair value measurement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision makers for their decisions about resource allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

- Golf equipment;
- Golf bags; and
- Hospitality

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRS Accounting Standards, except that finance costs, corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but bank balances and cash, deferred tax assets and corporate assets, which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include tax payable, deferred tax liabilities and certain borrowings.

No asymmetrical allocations have been applied to reportable segments.



## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### Related Parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
  - (i) has control or joint control of the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (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) the entity and the Group 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 and 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); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### **Critical judgement in applying accounting policies**

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

#### ***Liquidity***

The Group relies on bank borrowings, amount due to a former director and the convertible bond as a significant source of liquidity. As at 31 December 2025, the Group had unused banking facilities of HK\$108,767,000 (2024: HK\$47,755,000 approximately). The directors of the Company consider that the Group will be able to renew the banking facilities upon maturity.

#### **Key sources of estimation uncertainty**

The following are 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.

#### ***Net realisable value of inventories and provision of inventories***

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs to make the sale. The cost of inventories is written down to the net realisable value when there is objective evidence that the cost of inventories is higher than its net realisable value. The amount written down to the consolidated statement of profit or loss and other comprehensive income is the difference between the carrying value and net realisable value of inventories. In determining the net realisable value of the inventories, significant judgement is required. In making this judgement, the directors of the Company evaluate, amongst other factors, the duration, extent and means by which the amount will be recovered. These estimates are based on the current market and past experience in sales of similar products. It could change significantly as a result of changes in customers' preferences and competitor actions in response to changes in market condition.



## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### *Net realisable value of inventories and provision for inventories (Continued)*

As at 31 December 2025, the carrying amount of inventories was HK\$35,164,000 (2024: HK\$18,736,000). No write-off of inventories was recognised for the year ended 31 December 2025 (2024: HK\$43,000).

In addition, the Group reviews the condition of inventories at the end of each reporting period, and makes provision for inventories that are identified as obsolete, slow-moving or no longer recoverable. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions. As at 31 December 2025, no provision has been made for slow-moving inventories by the Group (note 22).

#### *Impairment assessment of right-of-use assets in hospitality segment*

At the end of the reporting period, the directors of the Company review the carrying amounts of its right-of-use assets in hospitality segment, which is regarded as a separate cash-generating unit, of HK\$149,837,000 (2024: HK\$155,388,000) and identified if there is indication that those assets may suffer an impairment loss. Accordingly, the recoverable amount of the relevant cash-generating unit to which the right-of-use assets are allocated and estimated in order to determine the extent of the impairment loss. The recoverable amount is determined by the fair value less costs of disposal, in which the calculation is based on available data from sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. In addition, the Group engaged an independent valuer to perform the valuation on the right-of-use assets in hospitality segment. The directors of the Company work closely with the independent valuer to establish the appropriate valuation techniques and inputs to the model to estimate the valuation of the right-of-use assets in hospitality segment. Where the fair value less costs of disposals are less than the carrying amount, an impairment loss may arise.

Based on the estimated recoverable amount, no impairment was recognised on right-of-use assets in hospitality segment for the year ended 31 December 2025. Details of impairment assessment are set out in note 19.

#### *Loss allowance for impairment of trade and other receivables*

The loss allowance for impairment of trade and other receivables are measured using ECL model which requires the Group to use judgement and estimates in making assumptions and selecting the inputs to the ECL model, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowance for impairment of trade and other receivables.

As at 31 December 2025, the carrying amount of the trade receivables and other receivables were HK\$51,820,000 (2024: HK\$30,731,000) and HK\$8,916,000 (2024: HK\$2,971,000) respectively. No loss allowance for impairment of trade and other receivables has been recognised during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### *Revaluation of ownership interest in leasehold land and buildings*

In the absence of current prices in an active market for similar properties, the directors of the Company consider information from a variety of sources, including (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and (c) discounted cash flow projection based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts, and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows. The principal assumptions for the Group's estimation of the fair value include those related to adjusted transacted price.

As at 31 December 2025, the revalued amount of ownership interest in leasehold land and buildings was HK\$57,743,000 (2024: HK\$57,766,000). Loss on revalued amount of ownership interest in leasehold land and buildings was HK\$68,000 (2024: Nil) has been recognised during the year ended 31 December 2025. Details are set out in note 18.

#### *Depreciation and useful lives of property, plant and equipment and right-of-use assets*

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of the useful lives and residual values involve management's estimation based on the Group's business model, its asset management policy, the industry practice and expected usage of each category of property, plant and equipment and right-of-use assets. The directors of the Company assess the residual values and the useful lives of the property, plant and equipment and right-of-use assets annually and if the expectation differs from the original estimates, such differences may impact the depreciation in the year and the estimates will be changed in the future period.

As at 31 December 2025, the carrying amount of the property, plant and equipment and right-of-use assets was HK\$74,103,000 (2024: HK\$65,295,000) and HK\$161,462,000 (2024: HK\$161,902,000) respectively. There were no changes on the useful lives and residual value of property, plant and equipment and right-of-use assets during the years ended 31 December 2025 and 2024.



## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### *Estimation of goodwill impairment*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenue and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. In addition, the estimated cash flows and discount rate are subject to a higher degree of estimation uncertainties due to unpredictability of how the trends in inflation and market interest rates/tariffs may progress or evolve. Details of the estimates of the recoverable amounts of cash generating units containing goodwill are disclosed in note 20.

#### **Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT"). There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

As at 31 December 2025, no deferred tax asset has been recognised on (i) deductible temporary difference arising from the loss on revaluation of ownership interest in leasehold land and buildings of HK\$68,000 (2024: nil); and (ii) estimated unused tax losses amounted to HK\$27,702,000 (2024: HK\$22,489,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

## 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes amount due to a former shareholder of a subsidiary disclosed in note 25, net of bank balances and cash disclosed in note 24 and equity attributable to owners of the Company, comprising issued share capital and reserves.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 5. CAPITAL RISK MANAGEMENT (Continued)

The Group monitors its capital by using a gearing ratio, which consists of net debt divided by the total equity. The Group's policy is to maintain the gearing ratio at not more than 100% (2024: 100%), which is determined and reviewed with reference to the funding needs of the Group periodically. Total equity includes equity attributable to the owners of the Company and non-controlling interests. The gearing ratios as at the end of the reporting period were as follows:

	2025 HK\$'000	2024 HK\$'000
Amount due to a former director (note 25)	40,496	–
Bank borrowings	–	56,383
Amount due to a former shareholder of a subsidiary (note 25)	11,232	–
Convertible bond	–	63,351
Less: bank balances and cash	(41,956)	(116,008)
Net debts	9,772	3,726
Equity attributable to owners of the Company	270,087	224,882
Non-controlling interests	2,730	2,730
Total equity	272,817	227,612
Gearing ratio	4%	2%

## 6. FINANCIAL INSTRUMENTS

Categories of financial instruments are as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost	102,692	149,710
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	122,530	170,781

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade receivables, deposits and other receivables, bank balances and cash, trade payables, accruals and other payables, bank borrowings, convertible bond and lease liabilities which are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### Market risk

#### (i) Currency risk

Several subsidiaries of the Company have purchases and bank balances denominated in foreign currency, which expose the Group to foreign currency risk. Approximately 5% (2024: 5%) of the Group's purchases are denominated in currencies other than the functional currency of the group entities making the purchase.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities		Net exposure	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
RMB	–	–	–	(636)	–	(636)

The Group is mainly exposed to the effects of fluctuation in RMB. It excludes items denominated in US\$ held by the group entities with HK\$ as functional currency as the directors consider that the Group's exposure to US\$ for such entities is insignificant on the ground that HK\$ is pegged to US\$.

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

#### *Sensitivity analysis*

As at 31 December 2025, the directors of the Company estimated that there was no material impact from the depreciation or appreciation of HK\$ against RMB on the Company's loss after tax and reserves. As at 31 December 2024, a general depreciation or appreciation of 5% in HK\$ against RMB, with all other variables held constant, would have resulted in the Company's loss after tax and reserves being HK\$27,000 lower or higher.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Market risk (Continued)

#### (ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to amount due to a former director, bank borrowings, lease liabilities and convertible bond with fixed interest rate. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flows interest rate risk in relation to the bank balances. Since the Group's bank balances are short-term in nature, the exposure of the interest rate risk is minimal and no sensitivity to interest rate risk is presented.

### Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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. 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 applies simplified approach on trade receivables to provide for ECL prescribed by HKFRS 9. To measure the ECL, the trade receivables have been grouped based on shared credit risk characteristics and past due status.

For other non-traded related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided loss allowance based on 12-month ECL.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and controlled by credit limits. The Group's current credit practices include assessment and valuation of customer's credit reliability and periodic review of their financial status to determine credit limits to be granted.



## 7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

The Group's concentrations of credit risk are 86% and 99% (2024: 87% and 96%) of the total trade receivables which are due from the Group's largest customer and the five largest customers, respectively. However, management of the Group considers the credit risk is under control since the management of the Group exercises due care in granting credit and reviews the recoverable amount at the end of each reporting period to ensure adequate loss allowance has been made for irrecoverable amounts.

The credit risk on liquid fund is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Hence, no loss allowance has been made in these consolidated financial statements.

The Group's concentration of credit risk by geographical locations is mainly in North America, which accounted for 97% (2024: 83%) of the total trade receivables as at 31 December 2025.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there is a low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired (refer to as Stage 2)	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

As at 31 December 2025	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade receivables	(Note (i))	Lifetime ECL (not credit-impaired)	51,820	–	51,820
Deposits and other receivables	Performing	12-month ECL (note (ii))	8,916	–	8,916
Bank balances and cash	Performing	12-month ECL	41,956	–	41,956

As at 31 December 2024	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade receivables	(Note (i))	Lifetime ECL (not credit-impaired)	30,731	–	30,731
Deposits and other receivables	Performing	12-month ECL (note (ii))	2,971	–	2,971
Bank balances and cash	Performing	12-month ECL	116,008	–	116,008

Notes:

- (i) The Group applied simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL and determined the ECL by using a provision matrix, details of which are set out in note 23.
- (ii) The management of the Group considered that there has been no significant increase in credit risk in these receivables, therefore no loss allowance was recognised.

### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings, amount due to a former director and convertible bond as a significant source of liquidity. As at 31 December 2025, the Group had unused banking facilities of approximately HK\$108,767,000 (2024: HK\$47,755,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk (Continued)

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

The table includes both interest and principal cash flows.

	As at 31 December 2025					
	Within one year or on demand	Within one to two years	Within two to five years	After five years	Total contractual undiscounted cash flows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	116,732	–	–	–	116,732	116,732
Lease liabilities	4,409	1,653	244	–	6,306	6,085
	<b>121,141</b>	<b>1,653</b>	<b>244</b>	<b>–</b>	<b>123,038</b>	<b>122,817</b>

	As at 31 December 2024					
	Within one year or on demand	Within one to two years	Within two to five years	After five years	Total contractual undiscounted cash flows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	50,431	–	–	–	50,431	50,431
Bank and other borrowings	57,623	–	–	–	57,623	56,383
Convertible bond	–	74,100	–	–	74,100	63,351
Lease liabilities	131	140	410	–	681	616
	<b>108,185</b>	<b>74,240</b>	<b>410</b>	<b>–</b>	<b>182,835</b>	<b>170,781</b>

## 8. FAIR VALUE MEASUREMENTS

The directors of the Company consider that the fair value of the debt component of the convertible bond approximates to its carrying amount.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost approximate to their fair values due to their short-term maturities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9. REVENUE AND OTHER OPERATING INCOME

Revenue represents revenue arising from sales of goods for the year. An analysis of the Group's revenue for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
– Sales of golf equipment and related components and parts	174,671	240,569
– Sales of golf bags, other accessories and related components and parts	15,444	22,201
	<b>190,115</b>	<b>262,770</b>

Disaggregation of revenue from contracts with customers by timing of recognition:

	2025 HK\$'000	2024 HK\$'000
Timing of revenue recognition at a point in time	190,115	262,770

The Group's other operating income is presented as follows:

	2025 HK\$'000	2024 HK\$'000
Interest income	1,116	2,300
Rental income	459	364
Tooling income	305	247
Sample income	299	207
Gain on disposal of property, plant and equipment	13	7
Sundry income	437	425
Exchange gain, net	152	–
Government grants (note)	166	–
	<b>2,947</b>	<b>3,550</b>

Note: The amount represented government grants received from the PRC local government authority in 2025 as employment protection incentives subsidy to the Group, which were immediately recognised as other operating income for the year as the Group fulfilled all the relevant granting criteria. There were no unfulfilled conditions contingencies attached to the receipts of those grants.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 10. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The CODM have chosen to organise the Group around differences in products. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Golf equipment – Manufacture and sales of golf equipment and related components and parts.
- Golf bags – Trading of golf bags, other accessories, and related components and parts.
- Hospitality – Development of integrated resort in CNMI.

### (a) Segment revenue and results

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

For the year ended 31 December

	Golf equipment		Golf bags		Hospitality		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Segment revenue:								
Sales to external customers	174,671	240,569	15,444	22,201	-	-	190,115	262,770
Other operating income	1,831	1,176	-	74	-	-	1,831	1,250
<b>Total</b>	<b>176,502</b>	<b>241,745</b>	<b>15,444</b>	<b>22,275</b>	<b>-</b>	<b>-</b>	<b>191,946</b>	<b>264,020</b>
Segment results	8,076	25,363	(1,870)	1,206	(5,633)	(5,708)	573	20,861
Interest income							1,116	2,300
Unallocated corporate expenses							(17,046)	(14,767)
Finance costs							(8,697)	(8,451)
<b>Loss before tax</b>							<b>(24,054)</b>	<b>(57)</b>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit/(loss) from each segment without allocation of interest income, central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 10. SEGMENT INFORMATION (Continued)

### (b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 31 December

	Golf equipment		Golf bags		Hospitality		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Segment assets	181,910	120,789	3,121	3,155	149,856	155,417	334,887	279,361
Unallocated corporate assets								
– Goodwill							14,543	–
– Club debentures							1,322	1,322
– Bank balances and cash							41,956	116,008
– Others							2,926	3,281
Total assets							395,634	399,972
Segment liabilities	59,249	40,068	972	1,161	7,515	7,515	67,736	48,744
Unallocated corporate liabilities								
– Amount due to a former director							40,496	–
– Income tax payable							–	1,026
– Bank borrowings							–	56,383
– Amount due to a former shareholder of a subsidiary							11,232	–
– Convertible bond							–	63,351
– Others							3,353	2,856
Total liabilities							122,817	172,360

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

- all assets are allocated to operating segments other than club debentures, bank balances and cash, certain other receivables, certain inventories and plant and equipment for central administrative purpose; and
- all liabilities are allocated to operating segments other than amount due to a former director, amount due to a former shareholder of a subsidiary income tax payable, bank borrowings, convertible bond and certain other payables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 10. SEGMENT INFORMATION (Continued)

### (c) Geographical information

The Group's customers are located in North America, Japan, Europe, Asia (excluding Japan) and other locations.

Information about the Group's revenue from external customers is presented based on the geographical location of shipment:

	<b>Revenue from external customers</b>	
	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
North America	<b>82,394</b>	88,388
Japan	<b>57,020</b>	102,567
Europe	<b>22,271</b>	29,189
Asia (excluding Japan)	<b>20,767</b>	18,297
Others	<b>7,663</b>	24,329
	<b>190,115</b>	262,770

Information about the Group's non-current assets (excluding goodwill) is presented based on the geographical location of the assets:

	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
The CNMI	<b>149,837</b>	155,388
The PRC, excluding Hong Kong	<b>67,107</b>	68,315
Hong Kong of the PRC (country of domicile)	<b>4,094</b>	4,944
Vietnam	<b>15,983</b>	–
	<b>237,021</b>	228,647

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 10. SEGMENT INFORMATION (Continued)

### (d) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 December

	Golf equipment		Golf bags		Hospitality		Unallocated		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to non-current assets <i>(note)</i>	681	3,129	145	1,104	-	-	9	-	835	4,233
Depreciation of property, plant and equipment	5,688	5,260	328	204	-	-	2	7	6,018	5,471
Depreciation of right-of-use assets	264	265	125	125	5,551	5,667	311	-	6,251	6,057
Loss on revaluation of ownership interest in leasehold land and buildings	68	-	-	-	-	-	-	-	68	-
Provision for slow-moving inventories	-	-	-	-	-	-	-	1,579	-	1,579
Write-off of inventories	-	-	-	43	-	-	-	-	-	43
Government grants	(166)	-	-	-	-	-	-	-	(166)	-
(Gain)/Loss on disposal of property, plant and equipment	(13)	(7)	-	17	-	-	-	-	(13)	10

Note: Additions to non-current assets included property, plant and equipment, right-of-use assets and prepayments for the acquisition of property, plant and equipment, but excluded the acquisition of the new subsidiary during the year.

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

For the year ended 31 December

	Golf equipment		Golf bags		Hospitality		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	-	-	-	-	-	-	(1,116)	(2,300)	(1,116)	(2,300)
Finance costs	-	-	-	-	-	-	8,697	8,451	8,697	8,451
Income tax expenses	-	-	-	-	-	-	525	2,307	525	2,307

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 10. SEGMENT INFORMATION (Continued)

### (e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% (2024: 10%) of the total revenue of the Group is as follows:

		2025 HK\$'000	2024 HK\$'000
Customer A	Golf equipment and Golf bags	154,409	216,714

## 11. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on:		
– amount due to a former director	2,807	1,238
– convertible bond (note 27)	4,847	5,124
– bank borrowings	997	2,061
– lease liabilities (note 19)	46	28
Total finance costs	8,697	8,451

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 12. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
Hong Kong Profits Tax		
– Current year	–	494
– Over-provision in prior years	(1)	(7)
	(1)	487
PRC EIT		
– Current year	555	1,807
– (Over)/Under-provision in prior years	(29)	13
	526	1,820
Deferred tax (note 28)	525	2,307
	–	–
<b>Total income tax expenses</b>	<b>525</b>	<b>2,307</b>

- (i) Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2025 and 2024.
- (ii) Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.
- (iii) The corporate income tax in the CNMI is calculated at 30% of the estimated profit for the years ended 31 December 2025 and 2024. No provision for corporate income tax for the subsidiary incorporated in the CNMI as no income has been derived from the CNMI during the years ended 31 December 2025 and 2024.
- (iv) The standard corporate income tax in Vietnam is calculated at 20% of the estimated profits for the year ended 31 December 2025. The Vietnam subsidiary is entitled to a two-year exemption for corporate income tax starting from the first year in which the subsidiary generates taxable income followed by a 50% reduction of corporate income tax for the subsequent four years. No provision for corporate income tax has been made for the year ended 31 December 2025 as no taxable income derived from the Vietnam subsidiary during the year ended 31 December 2025.
- (v) The Group is not subject to taxation in other jurisdictions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 12. INCOME TAX EXPENSES (Continued)

The income tax expenses for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	<b>(24,054)</b>	(57)
Tax calculated at rates applicable to loss in the respective tax jurisdictions concerned	<b>(3,970)</b>	(188)
(Over)/Under-provision in prior years	<b>(30)</b>	6
Tax effect of income not taxable for tax purposes	<b>(1)</b>	(1)
Tax effect of expense not deductible for tax purposes	<b>3,323</b>	4,741
Tax effect of deductible temporary difference not recognised	<b>(116)</b>	–
Tax effect of tax losses not recognised	<b>1,319</b>	160
Utilisation of tax losses previously not recognised	<b>–</b>	(2,411)
Income tax expenses	<b>525</b>	2,307

Details of the deferred taxation are set out in note 28.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 13. LOSS FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
Loss for the year has been arrived at after charging/(crediting):		
Staff cost (including directors' and chief executives' emoluments):		
– Salaries, allowances and other benefits in kind	66,939	68,729
– Contributions to retirement benefit schemes	5,090	4,633
Total staff cost	72,029	73,362
Auditor's remuneration		
– Current year	1,350	1,300
Amount of inventories recognised as an expense	141,148	194,176
Depreciation of property, plant and equipment	6,018	5,471
Depreciation of right-of-use assets	6,251	6,057
Provision for slow-moving inventories	–	1,579
Write-off of inventories	–	43
Exchange (gain)/loss, net	(152)	937

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 14. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2025 HK\$'000	2024 HK\$'000
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	(24,579)	(2,364)
	2025 '000	2024 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of loss per share	5,281,387	5,201,250

For the year ended 31 December 2025, diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding.

For the year ended 31 December 2024, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible bond since its exercise would result in a decrease in loss per share.

## 15. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16. STAFF COSTS (EXCLUDING DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS)

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits in kind	65,200	63,971
Contributions to retirement benefit schemes	5,072	4,615
	70,272	68,586

### (i) Hong Kong

Subsidiaries in Hong Kong operate Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. The Group contributes 5% (2024: 5%) of relevant payroll costs, capped at HK\$1,500 (2024: HK\$1,500) per month, to the MPF Scheme, in which the contribution is matched by employees. The assets of the MPF Scheme are held separately from those of the subsidiaries in an independent administered fund. The subsidiaries' employer contributions vest fully with the employees when contributed into the MPF Scheme. During the year ended 31 December 2025, a total contribution of approximately HK\$222,000 (2024: HK\$226,000) was made by the Group in respect of this scheme.

There was no forfeited contribution during the years ended 31 December 2025 and 2024.

### (ii) The PRC, other than Hong Kong

The employees of the Group who work in the PRC are required to participate in pension schemes operated by the local governments. The Group is required to contribute certain percentage of their payroll costs to the schemes. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the pension schemes. During the year ended 31 December 2025, a total contribution of approximately HK\$4,850,000 (2024: HK\$4,389,000) was made by the Group in respect of this scheme.

There was no forfeited contribution during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 17. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

### (a) Directors' and chief executives' remuneration

The emoluments paid or payable to each of the nine (2024: five) directors, including the chief executive, were as follows:

For the year ended 31 December 2025

	Executive directors		Non-executive directors	Independent non-executive directors					Total HK\$'000	
	Liu Jincheng (Note 1) HK\$'000	Wong Hin Shek (Note 2) HK\$'000	Sun Xiongfei (Note 3) HK\$'000	Choi Sum Shing, Samson (Note 4) HK\$'000	Wu Weifeng (Note 5) HK\$'000	Jiang Haiyan (Note 5) HK\$'000	Sheng Baojun (Note 6) HK\$'000	Ho Kwong Yu (Note 6) HK\$'000		Lin Lin (Note 6) HK\$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:										
Fees	84	1,060	-	154	9	9	141	141	141	1,739
Salaries	-	-	-	-	-	-	-	-	-	-
Contributions to retirement benefit schemes	-	18	-	-	-	-	-	-	-	18
<b>Total emoluments</b>	<b>84</b>	<b>1,078</b>	<b>-</b>	<b>154</b>	<b>9</b>	<b>9</b>	<b>141</b>	<b>141</b>	<b>141</b>	<b>1,757</b>

For the year ended 31 December 2024

	Executive directors		Independent non-executive directors			Total HK\$'000
	Huang Bangyin HK\$'000	Wong Hin Shek HK\$'000	Sheng Baojun HK\$'000	Ho Kwong Yu HK\$'000	Lin Lin HK\$'000	
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:						
Fees	256	570	144	144	144	1,258
Salaries	-	-	-	-	-	-
Contributions to retirement benefit schemes	-	18	-	-	-	18
<b>Total emoluments</b>	<b>256</b>	<b>588</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>1,276</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 17. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

### (a) Directors' and chief executives' remuneration (Continued)

Note 1: Mr. Liu Jincheng was appointed as an executive director of the Company on 3 December 2025.

Note 2: Mr. Wong Hin Shek was redesignated from a non-executive director of the Company to an executive director of the Company on 16 September 2024. Mr. Wong Hin Shek resigned as an executive director of the Company on 24 December 2025.

Note 3: Mr. Sun Xiongfei was appointed as non-executive director of the Company on 3 December 2025.

Note 4: Mr. Choi Sum Shing, Samson was appointed as non-executive director of the Company on 19 March 2025 and redesignated from a non-executive director of the Company to an independent non-executive director on 3 December 2025.

Note 5: Mr. Wu Weifeng and Ms. Jiang Haiyan were appointed as independent non-executive directors of the Company on 3 December 2025.

Note 6: Mr. Sheng Baojun, Mr. Ho Kwong Yu and Ms. Lin Lin resigned as independent non-executive directors of the Company on 24 December 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 17. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, there was one director (2024: nil) of the Company. The emoluments of the remaining four (2024: five) highest paid individuals were as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits in kind	14,339	11,636
Contributions to retirement benefit schemes	36	54
	<b>14,375</b>	<b>11,690</b>

Their emoluments were within the following bands:

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	–	2
HK\$1,000,001 to HK\$1,500,000	3	2
HK\$7,000,001 to HK\$7,500,000	–	1
HK\$10,000,001 to HK\$10,500,000	1	–
	<b>4</b>	<b>5</b>

- (c) No emoluments have been paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18. PROPERTY, PLANT AND EQUIPMENT

	Ownership interest in leasehold land and buildings (at revalued amount) HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST/VALUATION</b>						
As at 1 January 2024	67,253	1,097	37,975	3,627	5,864	115,816
Additions	–	77	320	236	3,600	4,233
Disposal	–	–	(1,911)	(5)	(1,563)	(3,479)
Exchange realignment	(3,554)	(7)	(1,349)	(110)	(53)	(5,073)
Reclassification	(5,864)	–	5,864	–	–	–
As at 31 December 2024 and 1 January 2025	57,835	1,167	40,899	3,748	7,848	111,497
Revaluation	(4,539)	–	–	–	–	(4,539)
Additions	–	–	631	53	145	829
Additions through business combinations (note 33)	–	5,075	6,285	143	394	11,897
Disposal	(337)	–	–	–	(233)	(570)
Exchange realignment	4,784	9	1,798	153	70	6,814
As at 31 December 2025	57,743	6,251	49,613	4,097	8,224	125,928
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>						
As at 1 January 2024	–	890	37,808	3,314	4,782	46,794
Provided for the year	2,696	51	1,901	140	683	5,471
Eliminated on disposal	–	–	(1,825)	(5)	(1,563)	(3,393)
Exchange realignment	(1,294)	(1)	(1,234)	(100)	(41)	(2,670)
Reclassification	(1,333)	–	1,333	–	–	–
As at 31 December 2024 and 1 January 2025	69	940	37,983	3,349	3,861	46,202
Provided for the year	2,696	987	1,200	141	994	6,018
Additions through business combinations (note 33)	–	338	311	18	53	720
Eliminated on disposal	(136)	–	–	–	(233)	(369)
Eliminated on revaluation	(4,471)	–	–	–	–	(4,471)
Exchange realignment	1,842	3	1,691	139	50	3,725
As at 31 December 2025	–	2,268	41,185	3,647	4,725	51,825
<b>CARRYING VALUES</b>						
As at 31 December 2025	57,743	3,983	8,428	450	3,499	74,103
As at 31 December 2024	57,766	227	2,916	399	3,987	65,295



## 18. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Ownership interest in leasehold land and buildings	Over the shorter of the term of the lease or 20 to 50 years
Leasehold improvements	Over the shorter of the term of the lease or 5 to 10 years
Plant and machinery	10% to 20%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

- (b) Ownership interest in leasehold land and buildings is stated at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value of the ownership interest in leasehold land and buildings of the Group as at 31 December 2025 and 2024 have been arrived at on the basis of a valuation carried out on that date by Vigers Appraisal and Consulting (International) Limited (“Vigers”), independent qualified professional valuers not connected with the Group. Vigers has appropriate qualifications and has recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at by valuation techniques and assumptions as discussed below.

If the ownership interest in leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation and subsequent accumulated impairment losses of approximately HK\$57,811,000 (2024: HK\$57,766,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) (Continued)

The ownership interest in leasehold land and buildings, which was measured subsequent to initial recognition at fair value, grouped into fair value hierarchy Level 3 based on the degree to which the inputs to fair value measurements are observable. There were no transfers between levels of fair value hierarchy during the years ended 31 December 2025 and 2024.

There has been no change from the valuation technique used in the current and prior years. In estimating the fair value of the ownership interest in leasehold land and buildings, the highest and best use was their current use.

The following table gives information about how the fair values of the ownership interest in leasehold land and buildings as at 31 December 2025 and 2024 were determined (in particular, the valuation techniques and inputs used):

	Fair value hierarchy	Fair value as at 31 December 2025 HK\$'000	Valuation techniques and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Ownership interest in leasehold land and buildings	Level 3	HK\$57,743 (2024: HK\$57,766)	Sales comparison approach	Adjusted transaction price	RMB275– RMB2,900 (2024: RMB1,426 – RMB1,683) per square meter	The higher the adjusted transaction price, the higher the fair value

As at 31 December 2025 and 2024, the fair value of the ownership interest in leasehold land and buildings located in the PRC is determined by using the sales comparison approach. Sales comparison approach is determined with reference to the availability of the sales transactions in the relevant market and comparable properties in close proximity with adjustments to account for the difference in factors such as location, size and condition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) (Continued)

The reconciliation of Level 3 fair value measurements of ownership interest in leasehold land and buildings is as follows:

	<b>Ownership interest in leasehold land and buildings</b> HK\$'000
As at 1 January 2024	67,253
Depreciation	(2,696)
Exchange realignment	(2,260)
Reclassification	(4,531)
As at 31 December 2024 and 1 January 2025	57,766
Depreciation	(2,696)
Loss on revaluation recognised in profit or loss	(68)
Exchange realignment	2,942
Disposal	(201)
As at 31 December 2025	57,743

During the year ended 31 December 2025, loss on revaluation of approximately HK\$68,000 (2024: nil) was recognised in profit or loss.

(c) As at 31 December 2025, the Group's ownership interest in leasehold land and buildings with carrying values of HK\$Nil (2024: HK\$57,766,000) was pledged as security for the bank borrowings granted to the Group as disclosed in note 26.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (a) Right-of-use assets

Breakdown of balances as at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Land	155,763	161,320
Buildings	5,699	582
	161,462	161,902

Right-of-use assets of HK\$5,926,000 (2024: HK\$5,932,000) and HK\$149,837,000 (2024: HK\$155,388,000) represent land use right in the PRC and the CNMI respectively. As at 31 December 2025, carrying amount of right-of-use assets of HK\$5,926,000 (2024: HK\$5,932,000) was pledged to secure bank borrowings as disclosed in note 26.

As at 31 December 2025, due to the loss-making status of the hospitality segment, the carrying amount, before impairment loss for the year, of right-of-use assets in respect of land located in the CNMI at development stage held for integrated resort purpose amounting to HK\$149,837,000 (2024: HK\$155,388,000) was subject to impairment test. The carrying amount of the land is written down to its recoverable amount based on the fair value less costs of disposal with reference to a valuation using a direct comparison method based on market comparables of similar assets with adjustments to account for the difference in factors such as location, size and condition. The fair value measurement is categorised into Level 3 fair value hierarchy. As a result, no impairment loss (2024: nil) was recognised on the land use right in the CNMI during the year ended 31 December 2025. As at 31 December 2025, the accumulated impairment losses on right-of-use assets amounted to HK\$21,251,000 (2024: HK\$21,251,000).

The Group has lease arrangements for buildings and land. The lease terms of buildings and land are generally ranged from 3 to 6 years (2024: 2 to 6 years) and 50 years (2024: 50 years) respectively. During the year ended 31 December 2025, there was an addition through business combinations of HK\$5,588,000 to the right-of-use assets (2024: Nil).

#### *Restrictions or covenants on leases*

As at 31 December 2025, lease liabilities of HK\$6,085,000 are recognised with related right-of-use assets of HK\$5,699,000 (2024: lease liabilities of HK\$616,000 are recognised with related right-of-use assets of HK\$582,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

### (b) Lease liabilities

	2025 HK\$'000	2024 HK\$'000
Non-current	1,862	508
Current	4,223	108
	<b>6,085</b>	616
	2025 HK\$'000	2024 HK\$'000
<b>Amounts payable under lease liabilities</b>		
Within one year	4,223	108
After one year but within two years	1,626	122
After two years but within five years	236	386
	<b>6,085</b>	616
Less: Amount due for settlement within 12 months	<b>(4,223)</b>	(108)
Amount due for settlement after 12 months	<b>1,862</b>	508

### (c) Amounts recognised in profit or loss

	2025 HK\$'000	2024 HK\$'000
Depreciation on right-of-use assets		
– Land	5,815	5,932
– Buildings	436	125
Total depreciation on right-of-use assets	<b>6,251</b>	6,057
Interest expense on lease liabilities	46	28
Expenses related to short-term leases	<b>1,977</b>	1,965

### (d) Others

During the year ended 31 December 2025, total cash outflows for leases including expenses related to short-term leases amounted to HK\$2,421,000 (2024: HK\$2,067,000). All lease payments of the Group are fixed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

### (e) Lease commitments

#### *As lessee*

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Buildings</b>		
Within one year	1,426	1,424

## 20. GOODWILL

	2025 HK\$'000	2024 HK\$'000
Net carrying amount at 1 January	–	–
Acquisition of a subsidiary (note 33)	14,543	–
Net carrying amount at 31 December	14,543	–

During the year ended 31 December 2025, the Group completed an acquisition of a subsidiary (note 33), resulting in goodwill of HK\$14,543,000. The goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. As at 31 December 2025, the carrying amount of goodwill has been allocated to the Golf equipment segment, specifically to the cash-generating unit of Hio Pro (Vietnam) Sporting Goods Company Limited (“**Hio Pro (Vietnam)**”).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 20. GOODWILL (Continued)

### Impairment test for cash-generating unit (the "CGU") containing goodwill

Management performed an impairment assessment on the goodwill as at 31 December 2025. The carrying amount of goodwill, net of any impairment loss, is allocated to the CGU as follows:

	2025 HK\$'000	2024 HK\$'000
Golf equipment segment – Hio Pro (Vietnam) CGU	14,543	–

The recoverable amount for the Hio Pro (Vietnam) CGU was determined based on value-in-use calculation. The calculation used cash flow projection based on financial budget approved by the management covering a five-year period. The key assumptions used in estimating the recoverable amount were as follows:

#### 31 December 2025

Annual sales growth rates	3%
Gross profit margin	15%
Long-term growth rate	3%
Pre-tax discount rates	4.5%

Based on the management assessment, no impairment is made for the goodwill as at 31 December 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21. CLUB DEBENTURES

The club debentures represent memberships in private golf clubs in the PRC.

	2025 HK\$'000	2024 HK\$'000
COST		
As at 1 January and 31 December	3,397	3,397
ACCUMULATED IMPAIRMENT		
As at 1 January and 31 December	(2,075)	(2,075)
CARRYING AMOUNT		
As at 31 December	1,322	1,322

Note: As at 31 December 2025, the unlisted club debentures of HK\$1,322,000 (2024: HK\$1,322,000) are stated at cost less impairment at the end of the reporting period. The management of the Group assessed for the impairment of the club debentures based on recent market prices of the identical club debentures. No impairment loss has been recognised for the year ended 31 December 2025 (2024: nil).

## 22. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	16,478	8,296
Work in progress	12,077	7,522
Finished goods	5,031	1,340
Goods held for resale	3,157	3,157
Less: Provision for slow-moving inventories	(1,579)	(1,579)
	35,164	18,736

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 23. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables, at amortised cost	51,820	30,731
Deposits and other receivables	8,916	2,971
Prepayments	6,138	2,768
Prepayments to suppliers	76	111
	<b>66,950</b>	<b>36,581</b>

The Group does not hold any collateral over these balances.

- (i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally between 30 and 60 days (2024: 30 and 60 days). The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

As at 31 December 2025, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$51,820,000 (2024: HK\$30,731,000).

- (ii) The following is an ageing analysis of trade receivables of the Group presented based on the invoice date, which approximates the respective revenue recognition date, at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	38,149	24,876
31 to 90 days	13,671	5,586
91 to 180 days	–	269
	<b>51,820</b>	<b>30,731</b>

No loss allowance for impairment of trade receivables has been identified as at 31 December 2025 and 2024. The Group measures the loss allowance for impairment of trade receivables at an amount equal to lifetime ECL. The loss allowance on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of each reporting period.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

There has been no change in estimation techniques or significant assumptions made during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 23. TRADE AND OTHER RECEIVABLES (Continued)

(iii) The Group recognised lifetime ECL for trade receivables based on the ageing of balances:

For the year ended 31 December 2025

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	*	47,878	–
31 to 90 days past due	*	3,942	–
91 to 180 days past due	*	–	–
		<b>51,820</b>	<b>–</b>

For the year ended 31 December 2024

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	*	27,843	–
31 to 90 days past due	*	2,809	–
91 to 180 days past due	*	79	–
		<b>30,731</b>	<b>–</b>

\* The weighted average expected loss rate is approximated to zero.

Based on historical experience, majority of trade receivables was settled within credit term and the Group received continuous settlements from these customers, hence the expected loss rate of current trade receivables is assessed to be immaterial. No loss allowance for impairment of trade receivables was recognised for the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 24. BANK BALANCES AND CASH

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include the following:

	2025 HK\$'000	2024 HK\$'000
Bank balances and cash on the consolidated statement of financial position	41,956	116,008

- (i) Bank balances carry interest at prevailing market interest rate as at 31 December 2025 and 2024.
- (ii) As at 31 December 2025, the Group's bank balances and cash denominated in RMB amounted to RMB735,000, equivalent to HK\$817,000 (2024: RMB52,385,000, equivalent to HK\$55,729,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

## 25. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables (note (i))	31,711	23,991
Contract liabilities (note (ii))	287	553
Accruals and other payables (note (iii))	33,006	26,440
Amount due to a former shareholder of a subsidiary (note (iv))	11,232	–
Amount due to a former director (note (v))	40,496	–
	116,732	50,984

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 25. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (i) The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	27,903	20,453
91 to 180 days	1,829	1,723
181 to 365 days	12	103
Over 365 days	1,967	1,712
	<b>31,711</b>	<b>23,991</b>

The average credit period on purchases of goods is from 30 days to 90 days (2024: 30 days to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

- (ii) Contract liabilities represent advances received from customers prior to delivery of golf equipment and golf bags.

Depending on the relationship with the customers, the Group may not require advances payment unless new specification ordered. The Group typically receives deposit from customers ranging from 3% to 50% of the contract values when it receives the purchase order for sales of golf equipment and golf bags.

Revenue recognised for the year ended 31 December 2025 that was included in the contract liabilities as at 31 December 2024 is HK\$553,000 (2024: HK\$317,000). There was no revenue recognised in the current year that related to performance obligation that was satisfied in prior years.

As at 31 December 2025 and 2024, all of the Group's remaining performance obligations for contracts with customers are for period of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of both reporting periods.

The increase in contract liabilities as at 31 December 2025 is mainly due to more advance payments received from the customers.

- (iii) Accruals and other payables as at 31 December 2025 and 2024 mainly included accrued staff costs, other tax payables and other payables to independent third parties.
- (iv) The balance of US\$1,440,000 (equivalent to approximately HK\$11,232,000) represent the amount due to a former shareholder of a newly-acquired subsidiary (note 33). The borrowing is unsecured, non-interest bearing, and repayable on demand.
- (v) As at 31 December 2025, the amount due to a former director carried a fixed interest rate of 9.75% per annum, unsecured and repayable on demand.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 26. BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured bank borrowings, repayable within one year and shown under current liabilities	–	56,383

- (i) As at 31 December 2024, bank borrowings of HK\$56,383,000 are fixed interest rate borrowings and denominated in RMB. The fixed interest rate borrowings carry interest at ranging from 3.20% to 3.55% per annum.
- (ii) For the year ended 31 December 2024, the Group raised new bank borrowings of approximately HK\$57,051,000 to finance its working capital and repaid bank borrowings of approximately HK\$57,141,000.
- (iii) As at 31 December 2025, the bank borrowings of the Group were secured by ownership interest in leasehold land and buildings and certain right-of-use assets of approximately HK\$57,743,000 (2024: HK\$57,766,000) as disclosed in note 18 and HK\$5,926,000 (2024: HK\$5,932,000) as disclosed in note 19 respectively.
- (iv) As at 31 December 2025, the Group had unused banking facilities of approximately HK\$108,767,000 (2024: HK\$47,755,000).

No foreign currency risk exposure is disclosed as the currency of the bank borrowings are denominated in the functional currency of the respective subsidiaries of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. CONVERTIBLE BOND

On 7 November 2016, the Company issued convertible bond with zero coupon rate at aggregate principal amount of HK\$74,100,000 to Wealth Sailor Limited (“Wealth Sailor”), with the maturity date on 7 November 2021. On 30 December 2020, the original convertible bond was renewed and replaced by a new convertible bond (the “CB”) with the same terms except for the maturity date and conversion period were extended to 7 November 2026 (the “Maturity Date”). The CB was interest free, unsecured and denominated in HK\$. The renewal on 30 December 2020 had been considered as significant modification resulting in the extinguishment of the original convertible bond and the new CB.

The principal terms of the CB are as follows:

**Conversion:** The holder of the CB is entitled to convert the CB into ordinary shares of the Company at a conversion price of HK\$0.114 per ordinary share.

The conversion rights are exercisable at any time during the period commencing from the date of issue of the CB up to the Maturity Date.

**Redemption:** No early redemption option is granted either to the Company or the holder of the CB except for event of default occurred. The CB will only be redeemed by the Company at the Maturity Date.

Subject to the occurrence of an event of default, the CB shall become due and payable on the giving of notice in writing by the bondholder to the Company.

The CB contain two components, which are (i) liability component at amortised cost presented in the consolidated statement of financial position; and (ii) equity component presented in equity with heading of convertible bond equity reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 27. CONVERTIBLE BOND (Continued)

The movements of the liability and equity components of the CB and the reconciliation of Level 3 fair value measurement during the reporting period are set out below:

	<b>Liability component of the CB</b>	<b>Equity component of the CB</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	58,227	8,333	66,560
Effective interest charge for the year (note 11)	5,124	–	5,124
As at 31 December 2024 and 1 January 2025	63,351	8,333	71,684
Effective interest charge during the period from 1 January 2025 to 16 November 2025 (note 11)	4,847	–	4,847
Conversion of CB on 17 November 2025	(68,198)	(8,333)	(76,531)
As at 31 December 2025	–	–	–

The effective interest rate of the liability component of the CB is 8.8% per annum.

At the date of issuance of the new CB, the fair values of the liability component and equity component were valued by an independent qualified valuer. The fair values were estimated by using discounted cash flows and the binomial model. The inputs into the model were respectively as follows:

### At 30 December 2020

Share price	HK\$0.030
Conversion price	HK\$0.114
Expected volatility	79%
Expected life	5.9 years
Risk-free rate	0.422%
Expected dividend yield	Nil



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. CONVERTIBLE BOND (Continued)

On 17 November 2025, convertible bond with a carrying amount of liability component amounting to HK\$68,198,000 and equity component amounting to HK\$8,333,000 were converted into 650,000,000 new ordinary shares at a conversion price of HK\$0.114 per share and share premium of HK\$70,031,000 (2024: nil). No redemption, purchase or cancellation by the Company has been made in respect of the CB during the year ended 31 December 2025 (2024: nil).

As at 31 December 2025, no principal amount of the CB that remained outstanding (2024: HK\$74,100,000) of which no (2024: a maximum of 650,000,000) shares may fall to be issued upon their conversions, subject to anti-dilution adjustments provided in the terms of the CB. Details of the terms of the CB are set out in the Company's circulars dated 30 September 2016 and 9 December 2020.

## 28. DEFERRED TAXATION

At the end of the reporting period, the Group had estimated unused tax losses of HK\$27,702,000 (2024: HK\$22,489,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in estimated unused tax losses are losses of HK\$10,524,000 (2024: HK\$10,320,000) and HK\$1,316,000 (2024: nil) that will expire in 5 years and 10 years respectively from the year of origination in which no estimated unused tax losses (2024: nil) was expired during the year ended 31 December 2025.

As at 31 December 2025, the Group has deductible temporary difference arising from the loss on revaluation of ownership interest in leasehold land and buildings of HK\$11,726,000 (2024: HK\$11,658,000). No deferred tax asset has been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 29. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 (2024: HK\$0.01) each		
<b>Authorised:</b>		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000	
<b>Issued and fully paid:</b>		
As at 1 January 2024, 31 December 2024, 1 January 2025	5,201,250	52,013
Conversion of convertible bonds (note a)	650,000	6,500
<b>At 31 December 2025</b>	<b>5,851,250</b>	<b>58,513</b>

Note:

- (a) On 17 November 2025, the Company allotted and issued 650,000,000 ordinary shares upon a conversion of the convertible bonds in aggregate principal amount of HK\$76,531,000 pursuant to the Company's circulars dated 23 September 2025, 14 October 2025 and 12 November 2025 respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Non-cash transactions							31 December 2025 HK\$'000
	1 January 2025 HK\$'000	Financing cash flows HK\$'000	Modification of lease HK\$'000	Conversion of convertible bond HK\$'000	Interest expense accrued HK\$'000	Acquisition of a subsidiary (note 33) HK\$'000	Exchange realignment HK\$'000	
Amount due to a former director	-	40,496	-	-	-	-	-	40,496
Interest payables	-	(1,448)	-	-	2,807	-	-	1,359
Bank borrowings	56,383	(58,889)	-	-	997	-	1,509	-
Amount due to a former shareholder of a subsidiary	-	(2,349)	-	-	-	13,730	(149)	11,232
Convertible bond	63,351	-	-	(68,198)	4,847	-	-	-
Lease liabilities	616	(444)	(58)	-	46	5,947	(22)	6,085
	120,350	(22,634)	(58)	(68,198)	8,697	19,677	1,338	59,172

	Non-cash transactions					31 December 2024 HK\$'000
	1 January 2024 HK\$'000	Financing cash flows HK\$'000	Interest expense accrued HK\$'000	Exchange realignment HK\$'000		
Amount due to a former director	32	(32)	-	-	-	
Interest payables	-	(1,238)	1,238	-	-	
Bank borrowings	58,242	(2,150)	2,061	(1,770)	56,383	
Convertible bond	58,227	-	5,124	-	63,351	
Lease liabilities	739	(102)	28	(49)	616	
	117,240	(3,522)	8,451	(1,819)	120,350	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 31. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of plant and equipment	75	72

## 32. RELATED PARTY TRANSACTIONS

### (i) Transaction with related parties

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant transactions with related parties during the year:

	Notes	2025 HK\$'000	2024 HK\$'000
Short-term lease expense paid to Sino Orange (China) Company Limited	(a)	1,680	1,680
Interest expense on convertible bond to Wealth Sailor	(b)	4,847	5,124
Interest expense on amount due to a former director	(c)	2,808	1,238

Notes:

- (a) The lease payment paid to a related company, which Mr. Chu Chun Man, Augustine, a former director, has beneficial interest in, were determined at rates agreed between the subsidiary and the related company. Such lease is accounted for as a short-term lease.
- (b) It represents the imputed interest expense on convertible bond issued to Wealth Sailor, in accordance with the terms set out in note 27.
- (c) The interest expense is paid to a former director of the Company. The amount due to a former director carried fixed interest rate of 9.75% per annum, unsecured and repayable on demand.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. RELATED PARTY TRANSACTIONS (Continued)

(ii) Save as disclosed elsewhere in the consolidated financial statements, the Group has no other material balances with related parties as at 31 December 2025 and 2024.

### (iii) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	16,530	12,705
Post-employment benefits	72	72
	<b>16,602</b>	12,777

The remuneration of directors of the Company and key executives is determined with regards to the performance of individuals.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 33. ACQUISITION OF A SUBSIDIARY

During the year, SG Manufacturing Company Limited (formerly known as Sino Golf Manufacturing Company Limited) ("SG Manufacturing"), a indirectly wholly-owned subsidiary of the Company, entered into a capital sale and purchase agreement pursuant to which SG Manufacturing conditionally agreed to acquire 100% of the equity interests in Hio Pro (Vietnam) for a cash consideration of US\$2,500,000 (equivalent to approximately HK\$19,499,000).

Name of subsidiary	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration transferred
Hio Pro (Vietnam)	Manufacture and trade of golf-related products, including golf clubs, bags and components	1 December 2025	100%	US\$2,500,000 (equivalent to approximately HK\$19,499,000)

Hio Pro (Vietnam) was acquired so as to continue the expansion of the Group's overseas golf-related products manufacturing operations.

### Assets acquired and liabilities recognised at the date of acquisition of Hio Pro (Vietnam)

	HK\$'000
Property, plant and equipment (note 18)	11,177
Right-of-use assets (note 19)	5,588
Inventories	9,821
Trade and other receivables	13,932
Cash and cash equivalents	480
Trade and other payables	(16,365)
Amount due to a former shareholder of a subsidiary (note 30)	(13,730)
Lease liabilities (note 30)	(5,947)
<b>Net identifiable assets acquired</b>	<b>4,956</b>
Goodwill	14,543
	<b>19,499</b>
<b>Satisfied by:</b>	
Cash	<b>19,499</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 33. ACQUISITION OF A SUBSIDIARY (Continued)

### Goodwill arising on acquisition

Goodwill arose in the acquisition of Hio Pro (Vietnam) as the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Hio Pro (Vietnam). These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisitions is expected to be deductible for tax purposes.

Acquisition-related costs amounting to HK\$182,000, in which have been excluded from the consideration transferred and have been recognised as administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

### Net cash outflow on acquisition of a subsidiary

	HK\$'000
Consideration paid in cash	19,499
Cash and cash equivalents acquired	(480)
	<u>19,019</u>

### Impact of acquisitions on the results of the Group

If the acquisition had occurred on 1 January 2025, the Group's revenue would have been increased by HK\$48,271,000 and loss for the year would have been reduced by HK\$400,000 for the year ended 31 December 2025. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Plant and equipment		8	1
Investments in subsidiaries	(i)	224,612	224,612
		<b>224,620</b>	224,613
<b>Current assets</b>			
Amounts due from subsidiaries	(ii)	3,952	3,847
Prepayment, deposits and other receivables		1,299	1,651
Bank balances and cash		32,239	47,329
		<b>37,490</b>	52,827
<b>Current liabilities</b>			
Amounts due to subsidiaries	(ii)	1	1
Other payables		3,353	2,855
		<b>3,354</b>	2,856
<b>Net current assets</b>		<b>34,136</b>	49,971
<b>Total assets less current liabilities</b>		<b>238,756</b>	274,584
<b>Non-current liability</b>			
Convertible bond		–	63,351
<b>Net assets</b>		<b>258,756</b>	211,233
<b>Capital and reserves</b>			
Share capital	29	58,513	52,013
Reserves	(iii)	200,243	159,220
<b>Total equity</b>		<b>258,756</b>	211,233

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(i) Investments in subsidiaries

	2025 HK\$'000	2024 HK\$'000
<b>COST</b>		
As at 1 January and 31 December	240,329	240,329
<b>IMPAIRMENT</b>		
As at 1 January and 31 December	(15,717)	(15,717)
<b>CARRYING AMOUNT</b>		
As at 31 December	224,612	224,612

(ii) Amounts due from/(to) subsidiaries

As at 31 December 2025 and 2024, the amounts were unsecured, non-interest bearing and repayable on demand.

No impairment loss has been recognised in respect of the amounts due from subsidiaries for the years ended 31 December 2025 and 2024.

(iii) Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000 (note)	Convertible bond equity reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2024	399,369	38,918	8,333	22,615	(293,825)	175,410
Loss and total comprehensive expense for the year	–	–	–	–	(16,190)	(16,190)
As at 31 December 2024 and 1 January 2025	399,369	38,918	8,333	22,615	(310,015)	159,220
Loss and total comprehensive expense for the year	–	–	–	–	(20,675)	(20,675)
Issue of shares on conversion of convertible bond (note 27)	70,031	–	(8,333)	–	–	61,698
<b>As at 31 December 2025</b>	<b>469,400</b>	<b>38,918</b>	<b>–</b>	<b>22,615</b>	<b>(330,690)</b>	<b>200,243</b>

Note: The Company's contributed surplus represents (i) the difference between the fair value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued for the acquisition; and (ii) the credit arising from the capital reduction of the Company, partially offset by the bonus issue, as set out in the circular of the Company dated 14 December 2015. Under the Bermuda Companies Act, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ establishment and operations	Issued and paid up capital		Percentage of equity interest and voting power attributable to the Company				Principal activities
		2025	2024	2025		2024		
				Directly	Indirectly	Directly	Indirectly	
SG Management Limited (formerly known as Sino Golf (BVI) Company Limited)	BVI/ Hong Kong	US\$101	US\$101	100%	-	100%	-	Investment holding
SG Manufacturing	Hong Kong	HK\$6,921,132 (ordinary) HK\$3,842,700 (non-voting deferred) (note (iii))	HK\$6,921,132 (ordinary) HK\$3,842,700 (non-voting deferred) (note (iii))	-	100%	-	100%	Investment holding and trading of golf equipment and accessories
CTB Golf (HK) Limited	Hong Kong	HK\$10,000,000 (ordinary) HK\$2,730,000 (preference)	HK\$10,000,000 (ordinary) HK\$2,730,000 (preference)	-	100%	-	100%	Trading of golf bags and accessories
Dongguan Qi Heng Manufacturing Company Limited* 東莞騏衡運動用品製造有限公司 (note (ii))	PRC	HK\$67,894,000	HK\$67,894,000	-	100%	-	100%	Subcontracting and trading of golf bags
Linyi Sino Golf Company Limited* 臨沂順德高爾夫球製品有限公司 (note (ii))	PRC	HK\$160,064,000	HK\$152,242,166	-	100%	-	100%	Manufacture and trading of golf equipment and accessories

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ establishment and operations	Issued and paid up capital		Percentage of equity interest and voting power attributable to the Company				Principal activities
		2025	2024	2025		2024		
				Directly	Indirectly	Directly	Indirectly	
Billion Ventures (CNMI) Limited	CNMI	US\$500,000	US\$500,000	-	100%	-	100%	Properties holding and development of integrated resort in CNMI
SGM Enterprise Limited	Hong Kong	HK\$1,000	HK\$1,000	-	100%	-	100%	Trading of golf equipment and accessories
Hio Pro (Vietnam)	Vietnam	US\$2,500,000	US\$1,500,000	-	100%	-	-	Manufacture and trade of golf-related products, including golf clubs, bags and components

\* The English name is for identification purpose only

Notes:

- (i) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- (ii) These are wholly foreign-owned enterprises established under the PRC law.
- (iii) The non-voting deferred shares carry no rights to dividends and no rights to receive notice of or attend or vote at any general meeting of SG Manufacturing. The holders of the non-voting deferred shares shall be entitled to any surplus in return of capital in respect of one half of the balance of assets after the first HK\$100,000,000,000,000 has been distributed to the holders of ordinary shares, in a winding up or otherwise the assets of SG Manufacturing to be returned.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025



## 35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

None of the subsidiaries had any debt securities outstanding as at the end of the years or at any time during both years.

At the end of the reporting period, the Group has other subsidiaries that are not individually material to the operations of the Group. A summary of these subsidiaries are set out as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2025	2024
Investment holding	BVI	5	5
Inactive	Hong Kong	3	3
Inactive	PRC	2	2
		10	10

## 36. LITIGATION

The Group had no significant contingent liabilities and no provision was required to be made as at 31 December 2025 and 2024.

## 37. NON-CASH TRANSACTIONS

The Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 31 December 2025, convertible bond with a carrying amount of liability component amounting to HK\$68,198,000 and equity component amounting to HK\$8,333,000 had been converted into 650,000,000 new ordinary shares at a conversion price of HK\$0.114 per share and share premium of HK\$70,031,000 (note 27).

# FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extract from the published audited consolidated financial statements, is set out below.

	<b>Year ended 31 December 2025 HK\$'000</b>	Year ended 31 December 2024 HK\$'000	Year ended 31 December 2023 HK\$'000	Year ended 31 December 2022 HK\$'000	Year ended 31 December 2021 HK\$'000
<b>RESULTS</b>					
Revenue	<b>190,115</b>	262,770	216,555	479,424	418,484
Cost of sales	<b>(141,148)</b>	(194,176)	(168,375)	(394,016)	(358,448)
Gross profit	<b>48,967</b>	68,594	48,180	85,408	60,036
Other operating income	<b>2,947</b>	3,550	4,677	4,222	2,559
Selling and distribution expenses	<b>(199)</b>	(105)	(1,874)	(2,941)	(3,392)
Administrative expenses	<b>(67,004)</b>	(63,645)	(57,838)	(60,064)	(55,815)
Loss on revaluation of ownership interest in leasehold land and buildings	<b>(68)</b>	–	(52)	(5,468)	(6,138)
Impairment loss on right-of-use assets	<b>–</b>	–	–	(13,057)	(8,194)
Finance costs	<b>(8,697)</b>	(8,451)	(10,508)	(13,689)	(12,622)
LOSS BEFORE TAX	<b>(24,054)</b>	(57)	(17,415)	(5,589)	(23,566)
Income tax expenses	<b>(525)</b>	(2,307)	(1,122)	(10,360)	(105)
LOSS FOR THE YEAR	<b>(24,579)</b>	(2,364)	(18,537)	(15,949)	(23,671)
Loss for the year attributable to:					
Owners of the Company	<b>(24,579)</b>	(2,364)	(18,537)	(15,949)	(23,671)
Non-controlling interests	<b>–</b>	–	–	–	–
	<b>(24,579)</b>	(2,364)	(18,537)	(15,949)	(23,671)

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	<b>2025 HK\$'000</b>	<b>As at 31 December</b>			
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
TOTAL ASSETS	<b>395,634</b>	399,972	388,333	488,612	557,512
TOTAL LIABILITIES	<b>(122,817)</b>	(172,360)	(158,061)	(239,245)	(289,795)
NON-CONTROLLING INTERESTS	<b>(2,730)</b>	(2,730)	(2,730)	(2,730)	(2,730)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<b>270,087</b>	224,882	227,542	246,637	264,987