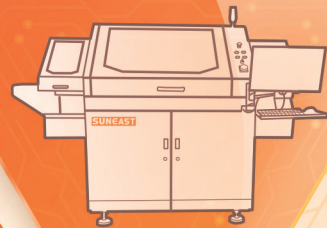
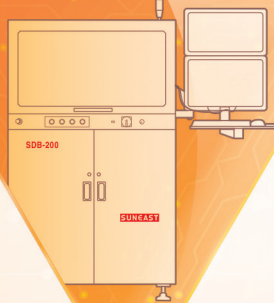
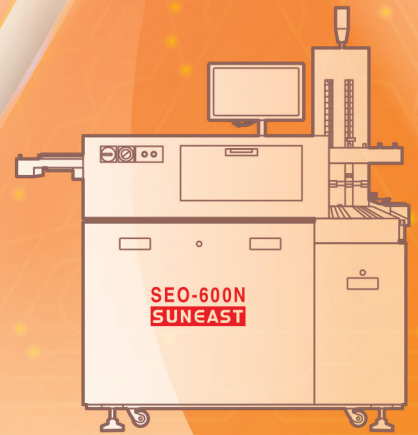
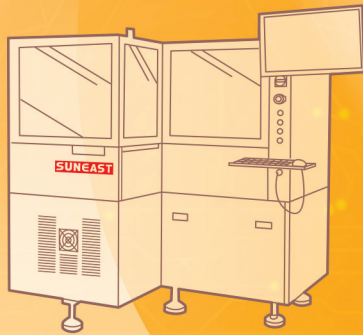


# 2025

## ANNUAL REPORT



# 芯成科技

- SINO ICT -

## SINO ICT HOLDINGS LIMITED

### 芯成科技控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00365.HK

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. YUAN I-Pei (*Chairman*)

Mr. XIA Yuan (*Chief Executive Officer*)

### NON-EXECUTIVE DIRECTORS

Mr. MENG Deqing

Ms. BAI Yu

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WANG Yanxin (resigned on 1 August 2025)

Mr. CUI Yuzhi

Mr. BAO Yi

Mr. PING Fan

## AUDIT COMMITTEE

Mr. CUI Yuzhi (*Chairman*)

Ms. BAI Yu

Mr. BAO Yi

## REMUNERATION COMMITTEE

Mr. BAO Yi (*Chairman*)

Mr. YUAN I-Pei

Mr. PING Fan

## NOMINATION COMMITTEE

Mr. YUAN I-Pei (*Chairman*)

Ms. BAI Yu

Mr. CUI Yuzhi

Mr. BAO Yi

Mr. PING Fan

## COMPANY SECRETARY

Mr. LIU Wei

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## PRINCIPAL PALCE OF BUSINESS

Suite 1101&1112

The Gateway Tower 1

25 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

## PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

18/F, The Center

99 Queen's Road Central

Central, Hong Kong

## INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

Certified Public Accountants and Registered Public

Interest Entity Auditor

11th Floor, Lee Garden Two

28 Yun Ping Road, Causeway Bay

Hong Kong SAR

## 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

## CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board of directors (the "Board") of Sino ICT Holdings Limited (the "Company" or "Sino ICT"), I hereby submit the audited results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025 (the "Reporting Period").

### Overview

At the beginning of 2025, the global economy generally performed in line with stable expectations. However, with the US announcing in April that it would impose tariffs on most trading partners to 19%, global trade tensions escalated significantly. Although the global trading system remained largely open, and China's exports to its Asian and European trading partners surged ahead of schedule due to fluctuations in the RMB exchange rate, and the government implemented fiscal expansion measures to stabilise the economy, external uncertainties remained severe.

Domestically, prices and the producer price index remained at low levels. The macroeconomy faced pressure due to the continued sluggishness of the real estate market and the slowdown in industrial investment. While the loose global monetary environment, a weaker dollar, and continued investment in artificial intelligence provided some support for the Chinese economy, the International Monetary Fund still predicted a steady slowdown in China's economic growth. Against the backdrop of low prices and increased difficulty in coordinating fiscal expansion with medium-term debt targets, the manufacturing and energy sectors underwent profound structural adjustments.

Faced with this complex and challenging macroeconomic environment, the Group adhered to its principles of increasing revenue and reducing expenditure, and refined operations, demonstrating strong operational resilience. During the Reporting Period, the Group recorded total operating revenue of approximately HK\$337,501,000, representing a significant year-on-year increase of approximately 36.62%. The revenue structure became more diversified, with the increase primarily driven by the comprehensive growth in energy business revenue. During the period, the profit attributable to owners of the Group was approximately HK\$19,197,000, achieving a turnaround from a loss to a profit. In terms of profitability, EBITDA increased significantly to HK\$93,066,000, comparing to the same period last year, and net current assets increased to HK\$114,787,000, demonstrating substantial improvements in both operating efficiency and financial structure. Meanwhile, the Group's administrative and financial expenses decreased year-on-year during the Reporting Period, and its debt structure continued to improve.

### Overview (Continued)

During the Reporting Period, the Group's main businesses included surface mount technology ("SMT") and semiconductor equipment manufacturing, as well as the energy business primarily engaged in electricity sales, participation in the electricity spot market, and the provision of ancillary services.

Overall business performance: SMT and semiconductor equipment manufacturing businesses performed relatively steadily, with segment revenue of approximately HK\$242,245,000, an increase of approximately 5.43% compared to the same period last year; gross profit of this segment was approximately HK\$106,014,000, an increase of approximately 11.34% year-on-year. This business segment seized the policy opportunities of the national promotion of "large-scale industrial equipment upgrading" and "domestic substitution" and adapted to the market demand transformation from capacity expansion to high-precision and automation upgrades. Through technological iteration, it accurately met the demand for high-end equipment in the electronics and information industry. Against the backdrop of reduced overall investment intentions in the industry, it consolidated its leading position in midstream manufacturing and maintained steady positive revenue growth, providing stable cash flow support for the Group. At the same time, the Group's strategic layout in the energy transition field has achieved a milestone, with energy business revenue increasing significantly to approximately HK\$95,256,000, an increase of approximately HK\$77,992,000 year-on-year. In early 2025, the issuance of NDRC Price (2025) No. 136, formally guiding and promoting the return of electricity to its commodity attributes, deepening the market-oriented reform of the electricity sector, and completely opening up the peak-valley price difference space in the electricity spot market, establishing a clear market-oriented profit model for the energy storage industry. The Group's Herong Power Station, located in Xinrong District, Datong, Shanxi Province, as the first grid-side independent energy storage project put into operation in Shanxi Province, achieved its first profit in 2025 after experiencing a high-investment adjustment period and cost pressures since its commissioning in 2023. This success, coupled with its first-mover advantage and flexible electricity trading strategies, signifies that the Group has successfully transformed the initial heavy asset pressure into strong cashflow growth.

The Group terminated its radar business during the year. However, due to delays in the rectification process, the relevant assets were not expected to be sold within one year. Therefore, on December 31, 2025, the Group ceased classifying them as held-for-sale assets and reclassified them back to their respective categories. As a result, the Group remeasured the carrying amount of the relevant assets and recognised depreciation adjustments of approximately HK\$110,000. With the completion of this business restructuring, the Group has achieved optimised resource allocation and will focus more on enhancing the technological competitiveness of SMT equipment and the market-oriented operational efficiency of energy storage projects, continuously creating long-term and stable value for shareholders.

## Business Review

### SMT and Semiconductor Manufacturing Related Business

During the Reporting Period, amid rising macroeconomic uncertainty and weakened industry investment, the Group, adhering to the policy guidance of "large-scale industrial equipment upgrades," achieved growth in both segment revenue and gross profit. This demonstrates the initial success of the Group's high-end transformation in the midstream manufacturing sector and the further consolidation of its domestic substitution advantages.

The Group's wholly-owned subsidiary, Suneast Intelligent Equipment Technology (Shenzhen)Co, Ltd. ("Suneast Technology"), has been deeply involved in the SMT and semiconductor equipment manufacturing field for many years, possessing a complete industrial chain layout and rich industry experience, providing customers with semiconductor and SMT complete line equipment solutions. In 2025, the business segment maintained steady growth of 5.43% amidst fluctuations in the manufacturing PMI, with the value of independent R&D and patent portfolio continuing to emerge.

In 2025, Suneast Technology adhered to its "long-termism" and "digital-driven" strategies, comprehensively improving operational efficiency and driving organisational "fission" evolution through deep integration of the "Suneast Technology Mall" with the MES system. In terms of technological R&D, the Company has successfully overcome bottlenecks in core materials and equipment for advanced packaging 2.5D/3D. It has launched high thermal conductivity TIM, underfill, and high-performance packaging equipment to meet the needs of AI chips and HBM. Furthermore, leveraging its EVO series precision welding, offline, and mini selective soldering systems, the company continues to lead in high-growth sectors such as semiconductors, automotive electronics, and medical equipment. Regarding market expansion, Suneast Technology has demonstrated outstanding capabilities, making a prominent appearance at numerous top-tier domestic and international events this year, including the "2025 Munich Shanghai Electronics Manufacturing Equipment Exhibition," the "NEPCON Smart Manufacturing Innovation Conference Suzhou Station," the "33rd NEPCON China 2025," the "Expo Electronica Exhibition in Russia," the "Hungarian Electronics Fair," and the "Electronics & Applications Exhibition" in the Netherlands. Through comprehensive exhibition coverage and technical exchanges, the company has deepened its presence in international markets such as Russia and Europe, consolidating its leading position in domestic substitution in the fields of precision welding and semiconductor packaging.

Looking ahead, SMT is developing towards higher precision and miniaturisation. The Group will continue to upgrade its equipment R&D, focusing on the domestic market for high-end semiconductor packaging equipment.

### Business Review (Continued)

#### Energy Business

The Herong Power Station, constructed by the Group's subsidiary Zhongxin Dianlian (Zhuhai Hengqin) Energy Technology Co., Ltd. in Datong City, Shanxi Province, is the first grid-side shared energy storage power station in China fully participating in electricity spot trading and ancillary services. Since its grid connection and commissioning in 2023, it has played a crucial role in absorbing renewable energy. The Energy Business Division successfully achieved a profit inflexion point in 2025, with annual revenue surging to HK\$95.26 million and turning a profit, becoming a new growth engine and a stable source of positive cash flow for the Group.

This breakthrough in financial performance is primarily due to the Herong Power Station's ability to translate superior technical indicators into actual market benefits. In 2025, the power station, with its millisecond-level response speed, deeply participated in Shanxi Province's power frequency regulation ancillary services, resulting in a significant increase in frequency regulation volume during the year. In terms of comprehensive performance indicators measuring response accuracy and speed, its "actual operating K-value" ranked highest in Shanxi Province, with the settlement K-value consistently reaching the highest value of 2. This superior technical performance not only validated the power station's operational efficiency but also ensured that the Group obtained optimal returns in the frequency regulation market settlement, forming a virtuous cycle of technology-driven revenue.

It is worth noting that the Group has fully delivered on the strategic expectations described to investors last year. With the formal launch of the long-term settlement mechanism for power ancillary services in Shanxi Province in 2025, Herong Power Station successfully established a composite profit model combining spot trading and frequency regulation ancillary services. In April 2025, Herong Power Station successfully entered the new energy capacity leasing market as scheduled and has attracted three photovoltaic companies with a total capacity of 35 MW/70 MWh. This new business, without affecting existing frequency regulation operations, significantly improves the overall utilisation rate of assets and deepens strategic cooperation across the industry chain.

Looking ahead, with the transformation of the energy structure and the improvement of supporting policies, the Group will continue to deepen its "spot + frequency regulation + leasing" model, continuously optimise trading strategies and operational efficiency, and meet the challenges of market competition.

## Industrial Trends

### SMT and Semiconductor Manufacturing Related Business

#### *Applications of Highly Integrated AI Hardware*

The evolution of AI relies not only on algorithmic innovation but also on robust hardware support. High-performance hardware, such as AI servers and edge computing modules, possesses "ultra-high integration," arranging dense computing units within limited space, which provides core application scenarios for advanced SMT. Advanced SMT, with its high precision, high density, and automation advantages, enables micron-level precise mounting of AI chips. Simultaneously, the high-power consumption of AI hardware operation places stringent requirements on the thermal stability of soldering and the precision of PCB layout. It can be said that SMT is the "industrial cornerstone" for transforming AI blueprints into real computing power. Our Company has deep expertise in the SMT field, continuously improving mounting accuracy and yield to meet the complex soldering process requirements of large-size, multi-layer boards in AI hardware manufacturing, providing fundamental and critical core process guarantees for the hardware realisation of cutting-edge technologies.

#### *Automotive Industry Applications*

In the automotive industry's journey towards "electrification, intelligence, and connectivity," SMT is a key technological support for automotive-grade electronic core components manufacturing. Unlike traditional consumer electronics, new energy vehicles place stringent demands on the high-temperature stability and shock resistance reliability of electronic components. Our core equipment, such as vacuum reflow soldering and high-performance wave soldering, is used in the manufacturing of automotive-grade electronic control units and inverters. Vacuum welding technology effectively eliminates weld voids, ensuring "zero-defect" production and guaranteeing vehicle operational safety under complex conditions. Looking ahead, the Group will focus on the integration of SMT and advanced packaging technologies, promoting green manufacturing and the application of environmentally friendly materials, and actively seizing the growth opportunities in the new energy vehicle industry.

### Industrial Trends (Continued)

#### SMT and Semiconductor Manufacturing Related Business (Continued)

##### *Electronic Equipment Applications*

The rapid iteration of the consumer electronics market puts higher demands on the flexible production capabilities and zero-latency rapid line changeover. Our welding equipment, with its precise temperature portfolio management, perfectly solves the problem of solder joint fatigue caused by repeated bending of ultra-thin materials, demonstrating profound technical resilience. The increased computing power of AI PCs and AI smartphones has driven dramatic changes in hardware structure: the number of PCB motherboard layers has increased, and components are trending towards extreme miniaturisation. In response to this trend, our equipment effectively addresses the challenges of thermal stress and placement misalignment in high-density assembly through advanced high-precision positioning systems and dynamic thermal compensation technology, achieving stable connections for micro-components and ensuring high-yield output in mass production.

#### Energy Business

##### *From Strategic Layout to Value Realisation*

Currently, China's energy industry is at a critical stage of transformation from "policy-driven" to "market value-driven." With the rapid increase in the proportion of new energy installed capacity, the power system's demand for flexible regulation resources such as energy storage is shifting from "scale expansion" to high-quality "efficiency operation." Data from the State Grid Energy Research Institute shows that new energy has become the main source of new power installed capacity in China, accounting for over 42% in 2024 and contributing over 60% to the growth in national power generation. With the explosive growth of new energy installed capacity, the demand for flexible regulation resources has reached unprecedented levels. As the stabiliser for the power system, energy storage power stations are seeing their commercial value fully realised through diversified pathways such as electricity spot trading, frequency regulation, ancillary services, and capacity leasing.

As early as the exploration stage in 2022, the Group proactively launched the Shanxi Datong energy storage project, employing a financial leasing model to deploy core assets and accurately targeting the strategic key point of high-proportion penetration of new energy. Entering 2024, with the deepening of power system reform and the ancillary services market, this business segment rapidly evolved into a diversified profit model, combining power ancillary services, capacity leasing, the spot market, and policy subsidies, further clarifying the overall development plan of 500MW/1000MWh. Through in-depth optimisation of the core algorithms of the Energy Storage Management System (EMS) and Battery Management System (BMS), the Group secured the technical standard of millisecond-level response, laying a solid professional foundation for participating in high-frequency power regulation business.

**Industrial Trends (Continued)****Energy Business (Continued)**

*From Strategic Layout to Value Realisation (Continued)*

In 2025, with the maturity of the power spot market and frequency regulation compensation mechanism, leveraging Shanxi Province's leading K-value performance indicators and a 99.8% instruction accuracy rate, the Group's previously accumulated asset and technological advantages officially transformed into substantial profit contributions. The core logic of profitability lies in the precise control of the entire asset lifecycle: through advanced thermal management technology and charge/discharge curve optimisation, while ensuring high returns from frequency regulation, battery degradation is effectively suppressed, maintaining a cycle life of over 6,000 cycles. This technological premium directly reduces long-term maintenance costs and significantly shortens the project's investment payback period, demonstrating the economic feasibility and resilience of the "frequency regulation service + capacity leasing" model in a complex market environment.

Looking ahead, the Group will stay closely aligned with the national energy structural transition and the "dual carbon" strategic goals, keeping an eye on the industrial trend of integrated source-grid-load-storage development. In an ever-evolving industry, the Group will prudently evaluate market opportunities, focusing on optimizing the overall operational efficiency and compliance management of existing resources. Moreover, through dynamic monitoring of market conditions, we will continue to refine our asset portfolio structure to ensure the steady maintenance of the Group's overall value.

### Development and Prospect

Looking ahead to 2026, China's energy storage and manufacturing industries are expected to maintain stable growth. Our Group will leverage its SMT advantages to seize opportunities in the manufacturing sector, capitalise on policy benefits and commercial advantages to expand its grid-side energy storage business, and build a dual-track growth model of "intelligent manufacturing + energy." Aligned with our sustainable development goals, the Board has decided to prioritise earnings to support business project development, committed to creating long-term value for shareholders. On this occasion, on behalf of the entire Board, I would like to express my sincere gratitude to the management and employees of Sino ICT Holdings Limited for their hard work, and to our partners and shareholders for their unwavering trust!

*Chairman*

**Yuan I-Pei**

Hong Kong

31 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

Looking back at 2025, the global economy continued to show a complex and volatile pattern. In the United States, growth slowed under a high interest rate environment, but inflation gradually declined, leaving room for policy adjustments; in Europe, recovery momentum was limited by energy prices and geopolitical factors; Asia continued to be a growth highlight, with China promoting new energy, energy storage, and advanced manufacturing, with stronger policy support and a gradually recovering domestic demand market. In Hong Kong, as an international financial center, capital market connectivity further deepened, providing a platform for corporate financing, technology exchange, and international cooperation. Under this economic environment, the Group adopted a steady development strategy, relying on the production capacity advantages and technological upgrades of its mainland factories to stabilise operations in SMT and semiconductor equipment manufacturing and related business. At the same time, it continued to pay attention to the direction of China's macro policies and seized the growth opportunities of the new energy industry.

For the year ended 31 December 2025, the Group recorded total revenue of approximately HK\$337,501,000, an increase of about HK\$90,461,000 compared with the same period in 2024, representing a growth rate of about 36.62%, mainly due to significant growth in revenue from SMT and semiconductor equipment manufacturing and related business, and energy businesses. Among them, revenue from SMT and semiconductor equipment manufacturing and related businesses was approximately HK\$242,245,000, an increase of HK\$12,469,000 year-on-year; revenue from energy business was approximately HK\$95,256,000, an increase of about HK\$77,992,000 year-on-year.

### **SMT and Semiconductor Equipment Manufacturing and related Business**

SMT and semiconductor equipment manufacturing and related business is the Group's core business and the main source of revenue. In 2025, the Group's SMT and semiconductor equipment manufacturing and related business performed relatively steadily. For the year ended 31 December 2025, revenue from SMT and semiconductor equipment manufacturing and related business was approximately HK\$242,245,000, compared with approximately HK\$229,776,000 in 2024, representing a year-on-year increase of about 5.43%. Segment gross profit was approximately HK\$106,014,000, compared with approximately HK\$95,215,000 in 2024, representing a year-on-year increase of about 11.34%.

### Business Review (Continued)

#### SMT and Semiconductor Equipment Manufacturing and related Business (Continued)

In 2025, China's Manufacturing Purchasing Managers' Index ("PMI") showed a "low early, stable later" trend throughout the year. In the first half, affected by weak external demand and limited domestic recovery, it fell below the threshold line many times, indicating weak manufacturing prosperity; in the second half, with policy support and the pull of emerging industries, it gradually improved, reaching 49.8 in September, close to the expansion range, reflecting stronger but still moderate recovery momentum. With the rebound of PMI, emerging industries such as new energy vehicles and 5G communications grew rapidly, driving significant increases in demand for electronic components and high-density assembly, injecting new momentum into the SMT industry.

According to the "2025-2030 Global and China PCB Equipment Market Status and Future Development Trends" (《2025-2030全國與中國PCB設備市場現狀及未來發展趨勢》) released by China Business Industry Research Institute, the global PCB market size reached US\$78.6 billion in 2025, while China's market size was RMB 433.321 billion. By 2026, the global market size will reach US\$82 billion, and China's market size is expected to reach RMB 476.653 billion.

China's automotive electronics market size also continued to rise. It is expected to reach US\$148.6 billion in 2026, a year-on-year increase of 5.24%. According to data from the China Association of Automobile Manufacturers, in 2025, production and sales of new energy vehicles reached 16.626 million units and 16.49 million units respectively, representing year-on-year increases of 29% and 28.2%. To match the increase in new energy vehicle production, as of January 2026, the total number of electric vehicle charging facilities in China reached 20.698 million, a year-on-year increase of 49.6%, including 4.801 million public charging facilities with a total power of 226 million kilowatts, and 15.897 million private charging facilities with an installed capacity of 138 million kVA.

### Business Review (Continued)

#### SMT and Semiconductor Equipment Manufacturing and related Business (Continued)

5G network construction coverage continued to deepen. As of the end of 2025, the total number of mobile base stations in mainland China reached 12.87 million, an increase of 227,000 year-on-year, of which 5G base stations numbered 4.838 million, a net increase of 588,000 compared with the end of 2024. 5G base stations accounted for 37.6% of total mobile base stations, an increase of 4 percentage points compared with the end of 2024. As of the end of 2025, China Telecom, China Mobile, and China Unicom had developed 2.888 billion mobile IoT terminal users, a net increase of 232 million during the year, exceeding the number of mobile phone users of 1.061 billion, accounting for 61.3% of mobile network terminal connections.

In terms of the integrated circuit market, in 2025, mainland China's export volume was US\$201.9 billion, a year-on-year increase of 26.8%, surpassing US\$200 billion for the first time and setting a record high; import volume was US\$424.33 billion, a year-on-year increase of 10.1%. With the continuous development of the semiconductor industry and the improvement of supply chain security and stability in mainland China's semiconductor equipment and component market, the market size will continue to grow steadily, expected to increase from RMB 192.99 billion in 2025 to RMB 273.53 billion in 2029, with a compound annual growth rate of 9.1%.

Under the current environment of rapid evolution of cloud technology, 5G network construction, automotive electronics, big data, artificial intelligence, sharing economy, Industry 4.0, and the Internet of Things, the PCB industry, known as the "mother of electronic products," will become a fundamental force in the electronic industry chain. As a technology that improves PCB assembly efficiency and density, enabling electronic products to become smaller, lighter, and higher-performing, SMT will play an increasingly important role in the future of electronic manufacturing. According to the latest research report by QYResearch, the global SMT placement machine market size is expected to reach US\$4 billion in 2026, with a compound annual growth rate of 4.7% in the coming years.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review (Continued)

#### SMT and Semiconductor Equipment Manufacturing and related Business (Continued)

In line with market development, the Group has always been committed to independent R&D of SMT and semiconductor equipment. Products are designed with user-friendly features, while also offering low-cost operation and energy-saving characteristics. Therefore, newly developed equipment has consistently been recognized by the market and awarded by the industry. In 2025, the Group launched nitrogen wave soldering, semiconductor oven, high-precision die bonder, etc.. During the year, the Group obtained 7 new patents. As of 31 December 2025, the Group owned a total of 74 design patents, fully demonstrating its technological innovation capability and industry-leading position.

#### Energy Business

In 2025, China's energy storage industry ushered in a key year, shifting from "scale expansion" to "high-quality development." With the rapid growth of new energy installations, the demand of the power system for peak shaving, frequency regulation, and consumption became increasingly urgent, making energy storage an important pillar for ensuring energy security and promoting green transformation. Throughout the year, new energy storage installations continued to climb, market size expanded, and the industry gradually entered a stage emphasizing both marketisation and technological innovation.

At the policy level, the government intensively issued multiple important documents, providing clear direction for industry development. In February, the National Development and Reform Commission ("NDRC") and Energy Bureau jointly issued Document No. 136, explicitly canceling mandatory storage requirements for new energy projects, marking the industry's shift from administrative promotion to a development model centered on economic viability and marketisation. In the same month, eight ministries including the Ministry of Industry and Information Technology issued the "High-Quality Development Action Plan for New Energy Storage Manufacturing" (《新型儲能製造業高質量發展行動方案》), proposing to cultivate three to five ecosystem-leading enterprises by 2027, emphasizing high-safety and long-life product supply, and promoting breakthroughs in frontier technologies such as flow batteries. In September, the NDRC and Energy Bureau again issued the "New Energy Storage Large-Scale Construction Action Plan (2025-2027)" (《新型儲能規模化建設行動方案(2025-2027年)》), setting a target of more than 100 GW of new installations over three years, reaching more than 180 GW by the end of 2027, and expected to drive direct investment of about RMB 250 billion. In November, the "Guiding Opinions on Promoting New Energy Consumption and Regulation" (《關於促進新能源消納和調控的指導意見》) further emphasized the role of energy storage in new energy consumption, promoting its participation in electricity market transactions, enhancing dispatch flexibility and revenue assurance.

### Business Review (Continued)

#### Energy Business (Continued)

The industry focus gradually shifted from “quantity” to “quality.” On one hand, policies no longer simply pursued installation scale but emphasized utilisation efficiency, economic viability, and safety; on the other hand, technological innovation was placed at the core, with flow batteries and grid-forming storage encouraged, standard system construction accelerated, and industry standardisation significantly improved. With the advancement of market-oriented reforms, energy storage enterprises were able to participate in electricity market transactions, forming diversified revenue models and enhancing investment attractiveness.

Looking ahead, between 2025 and 2027, China’s energy storage industry will see more than RMB 250 billion in direct investment. Application models on the power generation side, grid side, and multiple scenarios will accelerate implementation, and the entire upstream and downstream industry chain will benefit. Chinese enterprises have global competitiveness in technology R&D and market expansion, with continuously expanding space for international cooperation. Overall, in 2025, under the dual drive of policy guidance and market demand, China’s energy storage industry has moved from a “low early, stable later” rapid growth stage to a new stage of high-quality development, providing solid support for new energy consumption and power system stability, and laying a long-term foundation for future energy transition.

Seizing market opportunities, in 2021 the Company established a joint venture company, Sino New Energy Utilisation (Hengqin) Technology Co., Ltd. (中鑫電聯(珠海橫琴)能源科技有限公司) (“Sino New Energy”), and tapping in the grid-side energy storage market, built and operated large scale independent energy storage power stations with dual regulation functions such as frequency regulation and peak regulation to explore new sources of profitability for the Group. In March 2023, the He Rong Power Station in Datong City, Shanxi Province, which was designed, invested, constructed and operated by Sino New Energy, was successfully completed. It was successfully connected to the grid in May of the same year and was included in the unified dispatch management of the Shanxi Provincial Power Grid. With a planned total capacity of 500MW/1,000MWh, the He Rong Power Station can participate in spot electricity trading as an independent market entity. By the end of 2023, the power station had been put into commercial operation.

### Business Review (Continued)

#### Energy Business (Continued)

By March 2025, Sino New Energy participated in primary frequency regulation. Relying on the millisecond-level response speed of the energy storage system, it accurately captured small fluctuations in grid frequency. During that month, it completed a cumulative primary frequency regulation adjustment of more than 20,000 MW, with a command response accuracy rate of 99.8%, effectively reducing the duration of grid frequency violations by more than 80%. Evaluation by the Shanxi power grid showed that Sino New Energy's energy storage station ranked among the top in the province in primary frequency regulation performance indicators, further consolidating its leading position in the field of grid ancillary services, and laying a solid foundation for subsequent deep participation in the primary frequency regulation market. In April 2025, Sino New Energy also launched a new energy leasing business, mainly targeting surrounding new energy generation enterprises, providing leasing services for energy storage capacity. The launch of this business not only effectively improved the utilisation rate of energy storage assets and broadened the Company's revenue channels, but also further deepened cooperation with upstream and downstream enterprises in the new energy industry chain, laying the foundation for building a diversified energy service ecosystem. For the year ended 31 December 2025, the Group's energy business revenue was approximately HK\$95,256,000, representing a year-on-year increase of about HK\$77,992,000.

## FINANCIAL REVIEW

### Revenue

In 2025, the Group recorded a total revenue of approximately HK\$337,501,000. An analysis of the revenue by business segments is as follows:

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
Production and sales at industrial products	242,245	229,776
Sales of electricity	95,256	17,264
At a point in time	337,501	247,040

### Other income

During the year, the Group recorded other income of approximately HK\$29,332,000, a decrease of HK\$5,990,000 year-on-year. This was mainly due to the decrease in property rental income.

### Distribution costs

During the year, the Group recorded distribution costs of approximately HK\$44,781,000, an increase of 13.70% over the same period last year, mainly due to the increase of business expenses that increase with revenue.

### Administrative expenses

During the year, administrative expenses amounted to approximately HK\$80,758,000, a decrease of 17.48% as compared to the same period last year, mainly because of reduced labor costs and R&D expenses due to staff reduction.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Finance costs, net

During the year, net finance expenses amounted to approximately HK\$21,597,000, a decrease of HK\$4,329,000 as compared to the same period last year, mainly due to the decrease in interest expenses.

#### Earnings for the year

Based on the above, the earnings attributable to owners of the Company for the year was approximately HK\$19,197,000, turning a profit compare to the previous year.

#### Earnings before interest, tax, depreciation and amortisation

The following table illustrates the Group's earnings before interest, tax, depreciation and amortisation for the respective years. The Group's earnings before interest, tax, depreciation and amortisation ratio this year was approximately 27.58%.

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
Profits/(Loss) for the year attributable to owners of the Company	19,197	(34,417)
Finance costs, net	21,597	25,926
Income tax expense	4,549	186
Depreciation and amortisation	47,723	53,921
Earnings before interest, tax, depreciation and amortisation	93,066	45,616

#### Liquidity, financial resources and gearing ratio

The Group has maintained sufficient operating capital. As at 31 December 2025, the net current assets of the Group amounted to approximately HK\$114,787,000, and the liquidity ratio was maintained at about 147.74%, which was sufficient to fulfill the day-to-day operation of the Group.

### FINANCIAL REVIEW (Continued)

#### Operating capital management

As at 31 December 2025, the Group held approximately HK\$207,120,000 in cash and cash equivalents. This represents an increase of HK\$1,819,000 compared to approximately HK\$205,301,000 at the beginning of the year. The Group's average inventory turnover days were approximately 38 days, a decrease of 6 days year-on-year (31 December 2024: 44 days); the average accounts receivable turnover days were approximately 82 days, a decrease of 13 days year-on-year (31 December 2024: 95 days); the average accounts payable turnover days were approximately 76 days, an increase of 4 days year-on-year (31 December 2024: 72 days).

#### Capital expenditure on property, plant and equipment

During the year, the Group's total capital expenditure amounted to approximately HK\$4,055,000. Of the capital expenditure, approximately HK\$925,000 was spent on the purchase of machinery and equipment, approximately HK\$2,968,000 was spent on the furniture, fixtures and property decoration, approximately HK\$5,000 was spent on the motor vehicles, approximately HK\$3,000 was spent on the properties, and approximately HK\$154,000 was spent on construction in progress.

#### Charges on the Group's assets

As at 31 December 2025, the Group's banking facilities (including its import/export loan, letter of credit, documentary credit, trust receipt and bank borrowings) were secured by:

A first legal charge on certain of the Group's land and properties, which had an aggregate net carrying value at the balance sheet date of approximately HK\$66,212,000.

#### Equity and liabilities

As at 31 December 2025, the net assets of the owners of the Company amounted to approximately HK\$247,704,000. This represents an increase of approximately 9.54% as compared with that as of 31 December 2024, mainly attributed to revenue for the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Operational risk

The Group is exposed to operational risk in relation to each business segment. To manage operational risk, the management of each business segment is responsible for monitoring the operation and assessing operational risk of their respective business segments. They are responsible for implementing the Group's risk management policies and procedures, and shall report any irregularities in connection with the operation of the projects to the Directors for guidance.

The Group emphasises on ethical value and prevention of fraud and bribery, and has established a whistleblower program, including communication with other departments, business segments and units to report any irregularities. In this regard, the Directors consider that the Group's operational risk is effectively mitigated.

#### Financial risk

The Group is exposed to credit risk, liquidity risk and foreign exchange risk.

#### Credit risk

In order to minimise credit risk, the Directors closely monitor the overall level of credit exposure and the management is responsible for the determination of credit approvals and monitoring the implementation of the collection procedure to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses have been made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk has been significantly reduced.

#### Liquidity risk

The Directors have built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In this regard, the Directors consider that the Group's liquidity risk has been effectively managed.

### PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

#### Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency risks as its certain business, assets and liabilities are denominated in Renminbi, Hong Kong dollars and United States dollars. During the year, the Group did not utilise any financial instruments for hedging purposes, and the Group will continue to closely monitor its foreign exchange risk associated to the currencies, and will take appropriate hedging measures when necessary.

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

The Company or any of its subsidiaries had not purchased, redeemed or sold any of the Company's listed securities during the year.

### DIVIDENDS

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

### HUMAN RESOURCES

As at 31 December 2025, the Group employed approximately 267 full-time employees and workers in China mainland, and employed approximately 24 employees in Hong Kong. The Group continues to maintain and enhance the capability of its employees by providing sufficient regular training to them. The Group remunerates its employees based on the industry's practice. In China mainland, the Group provides employee benefits and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, the Group provides staff benefits including retirement scheme and performance related bonuses.

# CORPORATE GOVERNANCE REPORT

## Corporate Governance Practices

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound internal controls, and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses follow relevant rules, regulations, and applicable codes and standards. The Board reviews the corporate governance practices of the Company regularly and has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code ("CG Code") under Appendix C1 of the Listing Rules.

During the year, the Company has fully complied with all the code provisions of the CG Code as set out in the CG Code.

## Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the required standard regarding securities transactions by Directors of the Company. Having made specific enquiries of all Directors, the Company confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions for the year 2025.

## Board of Directors

The Board, headed by the Chairman, is responsible for the oversight of the management of the business and the achievement of the Company's objectives of enhancing shareholder value, retaining conflicts of interest and forcing sustainable growth of the Company. In specific, the Board is responsible for the formulation and approval of the Group's development and business strategies and policies, approval of annual budgets and business plans, recommendation of dividends, and providing oversight of the management in accordance with the governing rules. Whereas the management team of the Company, headed by the Chief Executive Officer, is responsible for the day-to-day operations of the Group.

**Board of Directors (Continued)**

The Company has always complied with the requirements for Board composition and director qualification set out in the Listing Rules 3.10(1) and (2), and 3.10A. As at the date of this report, the Board of the Company comprises a total of seven Directors, with two executive Directors, two non-executive Directors and three independent non-executive Directors. More than one-third of the Board members are independent non-executive Directors and not less than one of them has appropriate professional qualifications in accounting or related financial management expertise. The composition of the Board is shown on page 30 under the section "Attendance Record at Meetings" in this report. Biographies of the Directors are set out on pages 38 to 41 under the section "Directors Profile" in this annual report. Relevant information can also be viewed on the website of HKEX and the Company's website ([www.sino-ict.com](http://www.sino-ict.com)).

For the year ended 31 December 2025, the non-executive Directors of the Company were Mr. Meng Deqing (appointed on 20 August 2024) and Ms. Bai Yu (appointed on 11 December 2024). The Company has entered into a service agreement with Mr. Meng Deqing and Ms. Bai Yu for a term of three years respectively, which may be terminated by either party giving not less than three months' prior notice in writing to the other party and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company and the Listing Rules.

As of 31 December 2025, three of the Company's independent non-executive directors have served for more than nine years. The Board has reviewed the relevant circumstances and confirmed that:

1. The directors concerned continue to exercise independent judgment and their long tenure has not compromised their independence; and
2. The Board has taken into account their professional expertise, industry experience, and ongoing contributions to the Company's business.

As of 31 December 2025, since all of the Company's independent non-executive directors have served for more than nine years, in accordance with the Listing Rules and the Corporate Governance Code, the Company appointed a new independent non-executive director on 28 April 2026 to ensure compliance with the relevant requirements. The Company is also actively identifying suitable candidates and plans to gradually refresh the Board composition over the next three years to ensure compliance with governance standards.

### **Board of Directors (Continued)**

In addition to the abovementioned, during the Year, each independent non-executive director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are independent in accordance with the Listing Rules.

Directors are provided with complete adequate explanations and information to enable them to make an informed decision or assessment of the Company's performance, position and prospects and to discharge their duties and responsibilities on a timely basis. To properly discharge their duties, the Directors are given access to independent professional advisers, when necessary, at the expense of the Company.

The Board regularly holds meetings to review and approve Group's financial statements and the Group's operating performance, review company policies and strategies, and participate in decision-making on major company issues. Throughout this year, the Company held six board meetings (approximately 1-2 a quarter) and ensured that all Directors have the opportunity to raise matters for discussion and put them on the meeting agenda. The Chairman, the Chief Executive Officer and other Directors do not have any financial, business, family or other material/relevant relationships with each other.

### **Directors' Induction and Continuous Development**

Newly appointed directors would receive a comprehensive induction on appointment to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under statute and common law, the Listing Rules, and other regulatory requirements and the issuer's business and governance policies.

### **Corporate Governance Functions**

The Board is responsible for performing the corporate governance functions following the code provisions set out in Code A.2.

The Board has reviewed the Company's corporate governance policies and practices, training and continuing professional development of Directors and the senior management personnel, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Code and disclosure in this report.

## Board of Directors (Continued)

### Corporate Governance Functions (Continued)

In response to the continuous updating of compliance requirements and new market trends, the Company continues to provide various training materials to its Directors and encourages non-executive Directors and independent non-executive Directors in particular, to actively participate in various professional training activities in their areas at work to refresh their knowledge and skills and enhance the standard of governance of the Board. For the year ended 31 December 2025, the Directors have undergone satisfactory training, which are set out as below:

Directors	Corporate Governance/update on laws, rules and regulations	Attend Seminars, briefings and conferences
<i>Executive Directors</i>		
Mr. YUAN I-Pei ( <i>Chairman</i> )	✓	✓
Mr. XIA Yuan ( <i>Chief Executive Officer</i> )	✓	✓
<i>Non-executive Directors</i>		
Mr. MENG Deqing	✓	✓
Ms. BAI Yu	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. WANG Yanxin (resigned on 1 August 2025)	✓	✓
Mr. CUI Yuzhi	✓	✓
Mr. BAO Yi	✓	✓
Mr. PING Fan	✓	✓

### Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

### Board of Directors (Continued)

#### Chairman and Chief Executive Officer

The Company has complied with Code Provision C.2.1 for the year ended 31 December 2025. The role of Chairman of the Group was served by executive director Mr. Yuan I-Pei, and the role of Chief Executive Officer of the Group was served by executive director Mr. Xia Yuan.

#### Audit Committee

The Audit Committee comprises three members, namely independent non-executive directors, Mr. Cui Yuzhi (the committee chairman) and Mr. Bao Yi, and non-executive director, Ms. Bai Yu.

The main responsibilities of the Audit Committee include reviewing the financial reporting system, risk management and internal control system of the Group and reporting to the Board; reviewing the financial information of the Group, which includes a review of the completeness of the financial statements, annual reports and accounts, interim reports of the Company, as well as the review of the significant advice related to financial reporting as set out in the statements and reports; making recommendations to the Board on the appointment, re-appointment and removal of the external auditor as well as the remuneration and the employment terms of the external auditors; reviewing the Group's annual audit plan; monitoring the work procedures and the independence of the external auditors; reviewing the Company's compliance with the requirements of laws and the Listing Rules, and engaging independent legal or other advisers as it determines necessary.

For the year ended 31 December 2025, the Audit Committee met three times, and the attendance records of each member are set out in the section "Attendance Record at Meetings" in this report. The Audit Committee has considered and provided the Board with the following proposals:

- (a) Review the draft annual and interim financial statements and the draft results announcements during the year;
- (b) Review the remuneration of the external auditors and make recommendations to the Board;
- (c) Making recommendations to the board on the appointment, reappointment and removal of the external auditor; and
- (d) Review the audit plan proposed by the external auditors and make recommendations to the Board.

## Board of Directors (Continued)

### Remuneration Committee

The Company has established a Remuneration Committee in accordance with the requirements of the Code to review the remuneration policy and structure of the Directors and senior management and determine the remuneration packages of all Directors and senior management. The Remuneration Committee comprises three members, independent non-executive directors, Mr. Bao Yi (committee chairman) and Mr. Ping Fan, and executive director, Mr. Yuan I-Pei.

For the year ended 31 December 2025, the Remuneration Committee members met one time, the attendance records of each member are set out in the section "Attendance Record at Meetings" in this report. The Remuneration Committee has considered and provided Board with the following proposals:

- (a) Recommendations to the Board on the Company policy and structure for all directors' and senior management remuneration, and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) Review and approval of the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) Recommendations on the remuneration of existing Directors and senior management to the Board; and
- (d) Review and approve the annual performance bonus schemes and the granting of performance bonuses to both management and other employees of the Company on a discretionary basis.

The Remuneration Committee is to determine, with responsibility delegated by the Board, the remuneration packages of individual executive Directors. Further details of the Directors' remuneration and the five top-paid employees as required to be disclosed pursuant to Appendix D2 of the Listing Rules are set out in Notes 16 and 17 to the consolidated financial statements, respectively.

### Board of Directors (Continued)

#### Nomination Committee

The Company has established a Nomination Committee in accordance with the requirements of the Code to review the structure, size and composition of the Board on an annual basis to ensure that the skills and experience of individual board members meet its diversity requirements and that the members could provide a multi-dimensional view of corporate development and are commensurate with the necessary corporate governance needs; to critically assess the independence of the independent non-executive Directors in accordance with the requirements of the Listing Rules; to make recommendations to the Board on the appointment or re-appointment of Directors; and to regularly review the effectiveness and transparency of the director nomination policy. The Nomination Committee currently comprises three members, executive director Mr. Yuan I-Pei (the committee chairman) and independent non-executive directors, Mr. Cui Yuzhi and Mr. Ping Fan.

For the year ended 31 December 2025, the Nomination Committee met one time, and the attendance records of each member are set out in the section "Attendance Record at Meetings" in this report. The Nomination Committee has considered and provided the Board with the following proposals:

- (a) Review the structure, size and composition of the Board, to make sure the Board membership is diverse and aligned with current corporate governance needs, and make recommendations on any proposed changes to the Board to complement the corporate strategy;
- (b) Identify individuals suitably qualified to become Board members and make recommendations to the Board;
- (c) Assess the independence of independent non-executive Directors; and
- (d) Recommend the Board on the appointment or reappointment or succession of proposed and current Directors (especially the Chairperson and Executive Officer).

The Board has developed and implemented the Board Diversity Policy and the Nomination Policy since 2018 to meet the requirements of the Code which came into effect in 2019. For the year 2025, the Nomination Committee has reviewed the Board Diversity Policy and the Nomination Policy and confirmed that the policies were appropriate and effective. Summaries of the policies are set out below and details of the policies are available on the investor relations section of the Company's website ([www.sino-ict.com](http://www.sino-ict.com)).

**Board of Directors (Continued)****Nomination Committee (Continued)***Board Diversity Policy*

The Company understands and believes that the diversity of the Board is beneficial to the quality of its performance. Therefore, the Company achieves board diversity from a wide range of aspects when setting the composition of the Board including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time.

The Company supports gender equality and has appointed Ms. Bai Yu as a non-executive director of the Company on 11 December 2024. The Company will continue to emphasize gender equality throughout company operations. In 2025, the male to female ratio of employees of the Company is 4:1.

High emphasis is placed on ensuring a balanced composition of skills and experience across all levels of the Company to provide diverse viewpoints and perspectives, insights and challenges that enable the Board to discharge its duties and responsibilities effectively, support good decision-making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board.

*Nomination Policy*

The Nomination Committee advises the Board on the appointment of Directors and the succession plan for the Directors. In assessing the candidates, the committee would refer to the candidate's reputation, achievements and experience in the industry, the time available and the interests of the relevant sectors, diversity in all aspects of the Board and so on. The appointment of any proposed candidate to the Board or reappointment of any existing member(s) of the Board would be made in accordance with the Company's Byelaws and other applicable rules and regulations.

The Nomination Committee reviews the Board Diversity Policy and the Nomination Policy on an annual basis and makes recommendations to the Board for approval regarding any revisions as necessary.

Independent directors improve the effectiveness and decision-making of the Board through objective judgment and constructive questions to the management. Independent non-executive directors are subject to an independent assessment in their appointment and reassessment on an annual basis and in any other circumstances requiring reconsideration thereafter. The Nomination Committee has assessed the annual confirmation of independence given by each independent non-executive Director pursuant to Rule 3.13 of the Listing Rules.

### Board of Directors (Continued)

#### Nomination Committee (Continued)

##### *Other Mechanisms*

The Company has implemented a number of mechanisms to ensure that independent views and opinions are available to the Board:

1. A majority of non-executive directors: During the year ended 31 December 2025, the Board complied with Rules 3.10 and 3.10A of the Listing Rules at all times. Among the 7 members of the Board, 5 are non-executive directors, of which 3 are independent non-executive directors, which is beneficial for the Board to widely accept information from multiple channels;
2. Diversification of Directors: The Directors come from different industries, have rich management experience and professional knowledge, and can provide professional insights and unique perspectives for the decision-making of the Board;
3. Non-executive directors are subject to an independent assessment at the time of their appointment and thereafter on an annual basis and in any other circumstances requiring reconsideration;
4. Decision making: If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction shall present at that meeting; and
5. Communication between Chairman and the Independent non-executive Directors: The Chairman of the Board holds meetings with the Independent non-executive Directors at least once a year without the presence of other Directors.

The Company has reviewed the implementation and effectiveness of the above mechanisms and believes that these mechanisms have been properly and effectively implemented for the year ended 31 December 2025.

## Board of Directors (Continued)

### Attendance Record at Meetings

The attendance records of each Director at the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and general meetings during the year ended 31 December 2025 are set out in the following table:

Directors	Board Meetings	Audit	Remuneration Meeting	Nomination Meeting	Annual General Meeting
		Committee Meetings			
<b>Number of the meeting held</b>	6	3	1	1	1
<i>Executive Directors</i>					
Mr. YUAN I-Pei ( <i>Chairman</i> )	6/6	N/A	1/1	1/1	1/1
Mr. XIA Yuan ( <i>Chief Executive Officer</i> )	6/6	N/A	N/A	N/A	1/1
<i>Non-executive Directors</i>					
Mr. MENG Deqing	6/6	N/A	N/A	N/A	N/A
Ms. Bai Yu	6/6	N/A	N/A	N/A	N/A
<i>Independent Non-executive Directors</i>					
Mr. WANG Yanxin (resigned on 1 August 2025)	3/3	N/A	N/A	N/A	1/1
Mr. CUI Yuizhi	6/6	3/3	N/A	1/1	1/1
Mr. BAO Yi	6/6	3/3	1/1	N/A	1/1
Mr. PING Fan	6/6	N/A	1/1	1/1	1/1

### Auditors' Remuneration

For the year ended 31 December 2025, the remuneration paid or payable to the Company's auditor, Grant Thornton Hong Kong Limited, and its affiliated firm is set out as follows:

Services rendered	Fee paid / payable HK\$'000
Audit services	1,699
Non-audit services*	103
	<hr/> 1,802

\* Performed by Grant Thornton Hong Kong Limited's affiliated firm.

### Company Secretary

The Company Secretary, Mr. Liu Wei, is an employee of the Company who knows the Company's daily operations and businesses. For the year ended 31 December 2025, the Company Secretary attended not less than fifteen hours of relevant professional training to update his skills and knowledge.

### Directors' responsibility Statement

The Directors acknowledge their responsibility for preparing financial statements for each fiscal year which give a true and fair view of the state of affairs of the Company and the Group's results, its financial performance and its cash flows.

The Directors consider that the Group has adequate resources to continue in operational existence for the near future and it is appropriate to adopt the going concern basis in preparing the financial statements.

### Auditor's responsibility Statement

The auditor's responsibilities for the audit of the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 70 to 75.

## **Risk Management and Internal Control**

The Board continues to be responsible for ensuring that the Group maintains appropriate risk management and internal control systems, and reviews their effectiveness annually. In 2025, the Board confirmed that the Group's resources in accounting, internal audit, financial reporting, and environmental, social and governance functions are adequate, and that employees' qualifications, experience, and training are sufficient to support business needs. The annual review did not identify any material risk issues.

The Group continuously improves its risk management system and continuously enhancing its risk management capability through the established risk management system and risk management procedures to ensure the long-term growth and sustainable development of the Group's business. In terms of ongoing monitoring and management of significant risks, the Group adopts a three-level risk management approach to identify, assess, reduce and deal with risks, from which a top-down and group-wide risk management system is derived. Under the level-1 risk management, the subsidiaries shall identify, assess and monitor risks related to their own businesses or transactions; under the level-2 risk management, the management of the Group shall define the risk management rules, and provide technical and resource support; and under level-3 risk management, the internal audit department shall ensure existence and effectiveness of level-1 and level-2 risk management through continuous inspection and monitoring.

In respect of the internal control and auditing, the Group has developed an internal control system with reference to COSO reporting principles, which involves five elements: internal environment, risk assessment, monitoring activities, information and communication, and internal supervision, to ensure that the Group's operations are in compliance with the laws and regulations of the region, that the Group's assets are safe, and that the financial reports and related information are true and complete so that the Group can carry out its business operations safely and effectively. In respect of the effectiveness of the system, the management of the Group formulated a self-assessment questionnaire for internal control in accordance with the COSO framework and instructed the management of each subsidiary to follow and finish the self-assessment for collection and analysis. Based on the self-assessment, further targeted improvements were made. The results of controls and audits, as well as subsequent improvements, are reported to the Board at least quarterly to enable the Board to more effectively assess the effectiveness of controls and risk management.

### **Risk Management and Internal Control (continued)**

During 2025, the Group continued to optimise systems and processes in its energy business, with a focus on the impact of policy adjustments on revenue stability, while enhancing its ability to respond swiftly to changes in the external environment. The technical department continued to study policy trends and, based on actual circumstances, adjusted equipment configurations and trading strategies, while improving independent internal control systems to ensure transparency and compliance in trading decisions.

In the SMT business, the Group continued to implement control measures addressing regulatory, competitive, innovation, and social responsibility risks, ensuring that risks remained within controllable levels. No material or disclosable risk events occurred during the year.

The Group also has a dedicated team responsible for handling and disseminating inside information and keeping in view the corresponding internal control measures. The team, comprising Directors, the Company Secretary and other senior management, actively seeks external legal advice on a case-by-case basis to ensure that it complies with the relevant laws and regulations such as the Securities and Futures Ordinance and the Listing Rules.

The Group has also formulated a whistle-blowing policy to allow employees and other stakeholders to raise their concerns about any possible improprieties of the Company to the Audit Committee in confidence and anonymity. The Group has also formulated policies and systems to promote and support anticorruption laws and regulations. Related contents and details of the controls and governance structure of the Group in relation to the risks of environmental, social and governance matters are set out in the Environmental, Social and Governance Report on pages 50 to 69.

## Shareholders' Rights

### Communication with shareholders

The chairman of the Board attends the annual general meeting every year and the chairmen of committees (wherever applicable) will be invited to attend. The senior management of the Company will ensure that the external auditors attend the annual general meeting to answer questions on audit work, preparation of auditor's report, accounting policies and auditors' independence.

### Procedures for Shareholders to convene an Extraordinary General Meeting ("EGM")

Pursuant to the Company's bye-laws and the Companies Act 1981 of Bermuda ("Company Act"), registered Shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("EGM Requisitionists") can deposit a written request to convene an EGM at the registered office of the Company ("Registered Office"), which is presently situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The EGM Requisitionists must state in their request(s) the purposes of the EGM, and such request(s) must be signed by all the EGM Requisitionists and may consist of several documents in like form, each signed by one or more of the EGM Requisitionists.

The Share Registrars will verify the EGM Requisitionists' particulars in the EGM Requisitionists' requests. Promptly after confirmation from the Share Registrars that the EGM Requisitionists' request is in order, the Company Secretary will arrange with the Board to convene an EGM by serving sufficient notice to all the registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the EGM Requisitionists' request is verified as not in order, the EGM Requisitionists will be advised of the outcome and accordingly, an EGM will not be convened as requested.

The EGM Requisitionists, or any of them requesting more than one-half of the total voting rights of all of them, may themselves convene an EGM if within twenty-one days of the deposit of the EGM Requisitionists' request, the Board does not proceed duly to convene an EGM provided that any EGM so convened is held within three months from the date of the original EGM Requisitionists' request. An EGM so convened by the EGM Requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Company.

### Shareholders' Rights (Continued)

#### Procedures for shareholders to put forward proposals at a general meeting

Pursuant to the Companies Act, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the Requisitionists may consist of several documents in like form, each signed by one or more of the Requisitionists; and it must be deposited at the Registered Office with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

#### Procedures for shareholders to propose a person for election as a Director

As regards the procedures for proposing a person for election as a Director, please refer to the session of Investor/Shareholder Enquiry under the column of Investor Relations of the Company's website ([www.sino-ict.com](http://www.sino-ict.com)).

## Shareholders' Rights (Continued)

### Procedures for directing shareholders' inquiries to the Board

Shareholders may at any time send their inquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

The Company Secretary  
Mr. Liu Wei  
Suite 1101&1112,  
The Gateway Tower 1,  
25 Canton Road,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

Fax: (852) 2343 3120

Email: enquiry@sino-ict.com

Shareholders may also make inquiries with the Board at the general meetings of the Company.

### Investor Relations

The Memorandum and Articles of the Association of the Company have been posted on the session of Byelaws under the column of Investor Relations of the Company's website ([www.sino-ict.com](http://www.sino-ict.com)) for investors' review. For the year ended 31 December 2025, there were no significant changes in the byelaws of the Company.

Channels that the Company disclose important information to the Shareholders to communicate their views include the Company's financial reports (interim and annual reports), circulars, annual general meeting(s) and other general meetings that may be convened as well as regulatory disclosures as may be required or necessary through the website of HKEx and the Company's website.

The Company has reviewed the implementation of shareholders' communication channels and confirmed that its communication with the Shareholders was effective.

## FIVE YEAR FINANCIAL SUMMARY

A Summary of the results and of the assets and liabilities of the Group for the past five years as extracted from the published audited consolidated financial statements and re-presented as appropriate, is set out below. Meanwhile, due to the change in accounting policy for Long Service Payment and the discontinued operation of the Radar Business, the Group has made retrospective adjustments and restatement on the comparative amounts for the 2022 annual reporting periods. In 2025, the results of operations of the Radar Business previously presented in discontinued operations in accordance with HKFRS5 shall be reclassified and included in profit or loss from continuing operations for all periods presented, and the amounts for prior reporting periods shall be described as having been re-presented.

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
		(Re-presented)	(Re-presented)	(Re-presented)	
<b>RESULTS</b>					
Revenue	337,501	247,040	211,795	231,140	322,981
Profit/(Loss) before income tax	22,687	(67,876)	(106,581)	(33,878)	46,416
Income tax (expense)/credit	(4,549)	(186)	(231)	549	(8,134)
Profit/(Loss) for the year	18,138	(68,062)	(106,812)	(33,329)	38,282

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
				(Re-presented)	
<b>ASSETS AND LIABILITIES</b>					
Total assets	830,023	923,846	960,502	1,157,741	759,615
Total liabilities	(625,484)	(738,925)	(706,925)	(804,461)	(411,026)
	204,539	184,921	253,577	353,280	348,589

### Executive Directors

Mr. Yuan I-Pei, aged 54, serves as Executive Director, Chairman of the Board, Chairman of the Nomination Committee, and a member of the Remuneration Committee of the Company. Mr. Yuan is currently the Chairman, Legal Representative, Director and Executive Vice President of UNIC Capital Management Co., Ltd. (中青芯鑫(蘇州工業園區)資產管理有限責任公司), and concurrently serves as the Executive Director of Sino Xin Ding Limited, the direct controlling shareholder of the Company. Besides, Mr. Yuan also serves as the Chairman of Analogix (Suzhou) Semiconductor Co., Ltd. (硅谷數模(蘇州)半導體股份有限公司) and the Supervisor of Champion Property & Casualty Insurance Company Limited. Mr. Yuan began his career in 1996 and worked for various international banks, such as Citibank, CTBC Bank (中國信託銀行) and Barclays Capital. Mr. Yuan was previously Vice President of Temasek's Fullerton Financial Holdings Pte. Ltd. (淡馬錫富登金融控股私人有限公司), Director at Australia and New Zealand Banking Group, and Vice President of Bank of Tianjin (天津銀行). Mr. Yuan holds a bachelor's degree in Economics from Tsinghua University in Taiwan (台灣清華大學), China, and an MBA degree from the University of Wisconsin-Madison in the US.

Mr. Xia Yuan, aged 45, serves as Executive Director and Chief Executive Officer of the Company. Mr. Xia Yuan holds a doctoral degree in Communication Studies from Zhejiang University (浙江大學), an EMBA from the PBC School of Finance at Tsinghua University (清華大學五道口金融學院) and a master's degree in Marketing Communication from Bournemouth University. Mr. Xia Yuan is currently the Director and President of Sino Xin Ding Limited, the direct controlling shareholder of the Company. Mr. Xia Yuan served as the Assistant General Manager of Beijing Tong Ren Tang Health Pharmaceutical Co. Ltd. (北京同仁堂健康藥業股份有限公司), the Vice President of China Great Wall Computer (H. K.) Holdings Limited (中國長城計算機(香港)控股有限公司), Sales Engineer and Sales Manager at Huawei Technologies Co. Ltd. (華為技術有限公司). Mr. Xia Yuan has over 10 years of experiences in strategic planning, marketing and capital operations.

### Non-executive Directors

Mr. Meng Deqing, aged 49, serves as a Non-executive Director of the Company. Mr. Meng currently serves as the president and director of Shanghai Semiconductor Equipment and Materials Industry Investment Management Co., Ltd. \*, and a director of PhiChem Corporation\*. Prior to these positions, Mr. Meng was the executive deputy director (legal representative) of the Shanghai Pudong Academician Activity Center of the Chinese Academy of Sciences\*, the executive deputy director of the Shanghai Pudong Institute of Industrial Economics\*, and the director of the research department of the Shanghai Pudong Science and Technology Commission\*. Furthermore, he served as the Managing Partner and Vice President of Business Development at Shanghai Pudong Science and Technology Investment Co., Ltd., a director of Shanghai Wanye Enterprise Co., Ltd., a director of Shanghai Xinmei Real Estate Co., Ltd., and the secretary general of the Shanghai Pudong Venture Capital Association. Mr. Meng holds a master's degree in industrial economics from the School of Economics and Management of Shanghai University.

Ms. Bai Yu, 36 years old, serves as Non-executive Director, member of the Audit Committee and Nomination Committee of the Company. Ms. Bai Yu is currently working as a senior executive and employee supervisor at Sino IC Leasing Co., Ltd. Prior to this role, Ms. Bai Yu was employed by Fosun International Limited, China Urban Construction Design & Research Institute Fund\* (中國城建院基金) and Tsinghua Unigroup Co., Ltd. She holds an MPhil degree in the Department of Applied Mathematics from the Hong Kong Polytechnic University.

**Independent Non-executive Directors**

Mr. Cui Yuzhi, aged 60, serves as Independent Non-executive Director, Chairman of the Audit Committee and member of the Nomination Committee of the Company. Mr. Cui Yuzhi is a seasoned independent investment advisor. He holds a Bachelor of Science degree in Applied Physics from the University of Notre Dame (graduated with highest honour), and an MBA from the University of Chicago Booth School of Business. Mr. Cui Yuzhi has more than 20 years' experience in finance with deep expertise in the international capital market and enterprise operations. Mr. Cui Yuzhi held senior positions at various organisations, including the Executive President of Tendcare Medical Group, the Portfolio Manager at Atlantis Investment Hong Kong, the General Manager of investment and operations at Renhe Commercial (stock code: 1387.HK), the CFO of Zhong An Real Estate (stock code: 672.HK), the CFO of Excellence Group, the CFO of Treasury Holdings China Limited and the Vice President of Shanghai Forte Group. Mr. Cui Yuzhi is currently the Chairman of the Board and Executive Director of Forgame Holdings Limited (stock code: 484.HK).

Mr. Bao Yi, aged 50, serves as Independent Non-executive Director, Chairman of the Remuneration Committee, member of the Audit Committee and Nomination Committee of the Company. Mr. Bao Yi is currently the Chairman of Cedarlake Capital, a cross-border platform of equity investments, and is committed to drive the value creation of synergy among global major industries, economies, and capital markets. Prior to the establishment of Cedarlake Capital, Mr. Bao Yi was an important investment banker and the Managing Director of Morgan Stanley, and served as the Chief Executive Officer of Morgan Stanley Securities (China) Co., Ltd. Mr. Bao Yi also served as the Chairman of Granday Financial Leasing Co., Ltd. Mr. Bao Yi holds an MBA degree from the Wharton School of the University of Pennsylvania.

### Independent Non-executive Directors (continued)

Mr. Ping Fan, aged 47, serves as Independent Non-executive Director and member of the Remuneration Committee and Nomination Committee of the Company. He holds a bachelor's degree in Management from the Business School of the University of Manchester, and an EMBA from the School of Economics and Management of Tsinghua University. Mr. Ping is currently the Chairman and CEO of Lang Sheng Investment Group Co. Ltd., a member of CPPCC of Shanghai Huangpu District, the President of Huangpu New Social Stratum Association, and the Chairman of the Shanghai Concord Bilingual School.

\* *For identification purposes only.*

## REPORT OF THE DIRECTORS

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

### Principal Activities

During the year, the principal activity of the Company is investment holding, and the principal activities of its respective subsidiaries cover the business of (i) surface mount technology (SMT) equipment manufacturing; and (ii) sales of electricity and provision of electricity spot market transaction and auxiliary services.

### Results and Dividends

The Group's loss for the year ended 31 December 2025 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 76 to 200.

The Board does not recommend the payment of a dividend for the year.

### Summary of Financial Information

The published results and a summary of assets and liabilities of the Group for the last five financial years are set out on page 37 of this annual report.

### Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in Note 19 to the consolidated financial statements.

### Share Capital

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

### Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 30 to the consolidated financial statements and in the consolidated statements of changes in equity, respectively.

### Distributable Reserves

As at 31 December 2025, the Company did not have any reserves available for distribution. However, the Company's share premium account, in the amount of approximately HK\$95,240,000, may be distributed in the form of fully paid bonus shares.

### Bank and Other Borrowings

Details of bank and other borrowings of the Group during the year are set out in Note 33 to the consolidated financial statements.

### Major Customers and Suppliers

During the year, aggregate sales attributable to the Group's five largest customers were approximately 37.96% of the total sales for the year and sales attributable to the largest customer included therein were approximately 27.94%. Purchases from the Group's five largest suppliers accounted for approximately 27.72% of total purchases during this year and purchases from the largest supplier included therein amounted to approximately 7.46%.

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

### Directors

The Directors of the Company are as follows:

#### Executive Directors

Mr. YUAN I-Pei (*Chairman*)

Mr. XIA Yuan (*Chief Executive Officer*)

#### Non-executive Directors

Mr. MENG Deqing

Ms. BAI Yu

**Directors (Continued)****Independent Non-executive Directors**

Mr. CUI Yuzhi

Mr. BAO Yi

Mr. PING Fan

Mr. WANG Yanxin (resigned on 1 August 2025)

In accordance with clause 87 and 88 of the Company's bye-laws, Mr. Xia Yuan, Mr. Cui Yuzhi and Mr. Ping Fan will retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting of 2026, as informed to the Board.

In accordance with the Company's bye-laws, the Directors of the Company, including the Independent Non-executive Directors, are subject to retirement by rotation and re-election at the annual general meeting. Every director is subject to retirement at least once every three years.

The Company has received annual confirmations of independence from all Independent Non-executive Directors and as the date of this report still considers them to be independent.

**Directors' Biographies**

Biographies details of the Directors of the Company are set out on pages 38 to 41 of this annual report.

**Directors' Service Contracts**

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

**Directors' Interests in Contracts**

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2025.

### Related Party Transactions

During the year ended 31 December 2025, the Group had not entered into any non-exempted connected transaction under the Listing Rules. Related party transactions entered into by the Group during the year ended 31 December 2025, which do not constitute non-exempted connected transactions under the Listing Rules, are disclosed in Note 39 to the consolidated financial statements.

### Competing Interest

During the year ended 31 December 2025, none of the Directors, the controlling shareholders, and their respective close associates (as defined under the Listing Rules) was interest in any business which competes or may compete with the business of the Group.

### Contract of Significance

There was no contract of significance between the Company or any of its subsidiaries, and the controlling shareholders or any of its subsidiaries as at 31 December 2025.

### Directors' Interests in Shares and Underlying Shares

As at 31 December 2025, none of the Directors had any interest or short position in the share capital of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that was required to be recorded in the register pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

### Directors' Rights to Acquire Shares or Debentures

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

## Substantial Shareholders' Interest in Shares and Underlying Shares

At 31 December 2025, according to the register required to be kept by the Company under section 336 of the SFO, the following persons (other than the Directors or Chief Executive of the Company) had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

### Long Positions in the Shares

Name of Shareholder	Nature of Interest	Number of the ordinary shares held	Approximate percentage of total shareholding %
<b>Substantial Shareholders</b>			
Sino Xin Ding Limited ( <i>note 1</i> )	Beneficial owner	987,176,230	67.85
Chen Ping	Beneficial owner	100,000,000	6.87
But Tin Fu ( <i>note 2</i> )	Beneficial owner	87,783,168	6.03
Reach General ( <i>note 3</i> )	Beneficial owner	84,270,000	5.79

Notes:

- Sino Xin Ding Limited is wholly owned by Shanghai Qingxin Enterprise Management Consulting Co., Ltd. ("Shanghai Qingxin") (上海青芯企業管理諮詢有限公司), which in turn, is owned as to 50.1% by UNIC Capital Management Co., Ltd.\* (中青芯鑫(蘇州工業園區)資產管理有限責任公司), 28% owned to Shanghai semiconductor Equipment and Materials Industry Investment Fund Partnership (Limited Partnership)\* (上海半導體裝備材料產業投資基金合夥企業(有限合夥)), and 21.9% owned by Henan Zhanxing Industrial Investment Fund (Limited Partnership)\* (河南戰興產業投資基金(有限合夥)).
- Mr. But Tin Fu is interested in 87,783,168 shares, comprising (a) 81,562,368 shares directly held by Mr. But Tin Fu, (b) 3,796,000 shares directly held by Sun East Group Limited, which is beneficially owned as to 50% by Mr. But Tin Fu and 50% by Ms. Leung Hau Sum, who is the wife of Mr. But Tin Fu, and (c) 2,424,800 shares directly held by Sum Win Management Corp., which is wholly owned by Mr. But Tin Fu.
- Reach General International Limited ("Reach General") is 100% beneficially owned by Mr. Wu Xin.

Save for the interests disclosed above, the Company had not been notified of any person (other than the Directors or Chief Executive Officer of the Company) who had interests (whether direct or indirect) or short positions in the shares or underlying shares of the Company that were required to be recorded in the register kept by the Company under Section 336 of the SFO as of 31 December 2025.

## REPORT OF THE DIRECTORS

### **Purchase, Redemption or Sales of Listed Securities of the Company**

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

### **Pre-emptive Rights**

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares preferentially on a pro-rata basis to existing shareholders.

### **Management Contracts**

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

### **Tax Relief**

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

### **Retirement Schemes**

The Group operates a defined contribution Mandatory Provident Fund Scheme for employees in Hong Kong. The Group's employees in the PRC, participate in a defined contribution central pension scheme operated by the local municipal government, particulars of these schemes are set out in note 2.23 to the consolidated financial statements.

### **Permitted Compensation Provision**

The by-laws of the Company provides that each Director or other Officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate Directors' and Officers' liability insurance in respect of relevant legal actions against the Directors.

### **Subsequent Event after the Reporting Period**

The Group does not have any material subsequent events after the reporting period and up to the date of this annual report.

## **Segment Information**

Details of segment information are set out in Note 6 to the consolidated financial statements.

## **Environmental Policies Performance**

The Group is committed to the maintenance of the long-term sustainability of the environment and communities in which it operates. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with the relevant laws and regulations regarding environmental protection during the year ended 31 December 2025.

## **Compliance with the Relevant Laws and Regulations**

As far as the Board and management of the Company are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## **Relationship with Suppliers, Customers and Other Stakeholders**

The Group understands fully the success of the Group's business depends on the inextricably-linked support from its key stakeholders, including employees, customers, suppliers, banks, regulators, and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

## **Equity-linked Agreement**

Save as disclosed in this annual report, the Group has not entered into any equity-linked agreement during the year.

## **Directors' Remuneration**

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

## REPORT OF THE DIRECTORS

### Sufficiency of Public Float

Based on the public information that is available to the Company and within the knowledge of the Directors, the Directors confirmed that at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

### Auditors

The consolidated financial statements of the Company for the year ended 31 December 2025 was audited by the Company's auditor, Grant Thornton Hong Kong Limited ("Grant Thornton Hong Kong").

Grant Thornton Hong Kong has retired and has been reappointed at the 2025 Annual General Meeting of the Company with its terms of office until the conclusion of the forthcoming annual general meeting of the Company. It will be eligible and offer itself for re-appointment at that meeting.

On behalf of the Board

**Yuan I-Pei**

*Chairman*

Hong Kong

31 March 2026

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Dear Shareholders, Investors and Stakeholders:

On behalf of the directors (the "Board") of Sino ICT Holdings Limited (the "Company" or "Sino ICT"), I hereby submit the Environmental, Social and Governance Report (the "Report") for the year ended 31 December 2025 (the "Reporting Period") of the Company and its subsidiaries (collectively, the "Group"), to review and illustrate the Group's management policies, strategies, measures, objectives and results in environmental, social and governance ("ESG") aspects.

The Group understands that as a member of society, it must actively assume social responsibility and promote the harmonious development of the enterprise with the natural environment, society and all stakeholders. During the Reporting Period, the Group strictly complied with all environmental protection laws and regulations, adhered to relevant internal policies and regulations, actively researched and promoted environmentally friendly products, minimised the adverse impacts on the natural environment from the enterprise's operations, and fulfilled its corporate commitment to sustainable development. In terms of social responsibility, the Group continuously provides employees with a safe working and living environment, expands employee development platforms, and promotes the integration of employee personal development with corporate development. Furthermore, the Group actively maintains good relationships with all stakeholders and invests resources to support community building.

Specific policies and measures adopted by the Group in all aspects of ESG will be disclosed in the corresponding sections of this report.

### Governance Structure

In response to the Stock Exchange's updates to the Environmental, Social and Governance Reporting Code (the "Code"), the Board comprehensively oversees climate-related risks and opportunities. An ESG Task Force has been established to coordinate and implement specific matters, ensuring effective Board governance. The Task Force comprises the Company's executive directors, management, and key personnel, covering departments such as the Board Office, Finance Department, Administration Department, Human Resources Department, and Marketing Department. Its main responsibilities include (1) assessing and prioritizing the importance of climate-related ESG matters based on stakeholder communication and the Group's business characteristics, defining the scope and focus of reporting, and regularly reviewing the assessment process and results to report to the Board; (2) monitoring the Group's ESG performance based on the assessment results, collecting and compiling data, and making recommendations to the Board on the progress of ESG management; and (3) preparing reports and submitting them to the Board for review.

The Group emphasises the standardisation of the Board's governance responsibilities regarding ESG matters. Members participate in training regularly, review and assess the adequacy and effectiveness of the Group's risk management and internal control systems every quarter, considers significant matters, examines the impact of climate-related risks on its main businesses, and makes adjustments based on the regional climate and policy requirements of the main business location (Shenzhen, Guangdong Province, China); optimizes risk contingency plans, consider the possibility to incorporate climate risks into capital expenditures and strategic planning; monitors the progress of greenhouse gas emission reduction targets, and explore the feasibility of incorporating environmental performance into management assessment indicators to ensure that daily operations meet sustainable development requirements. The disclosure standards referenced by the Group include, but are not limited to, International Financial Reporting Standard S2 Climate-related Disclosures and the Hong Kong Stock Exchange's Implementation Guidelines for Climate Information Disclosure under the Environmental, Social and Governance Framework.

In summary, the Board will continue to monitor climate-related governance policies and structures and will review the effectiveness of its governance on ESG matters promptly based on the results of various measures, business developments, and market conditions, adjusting as needed. The Group will continuously strive to improve its governance and performance in the ESG field and make a greater contribution to sustainable social development.

**YUAN I-Pei**

*Chairman*

### Reporting Standards and Scope

The Report was prepared in accordance with the requirements set out in Appendix C2 of the Listing Rules, the “Environmental, Social and Governance Report Code”, and covers the Group’s information and activities related to the environment, society and governance during the Reporting Period.

### Scope of Reporting

The environmental and social data in the Report primarily cover the Group’s production park (“Site”) located in Shenzhen, Guangdong Province, China. The Site is the operational area of the Group’s SMT and semiconductor equipment manufacturing related business segment, and it carries the Group’s main production and operation activities. It fully reflects the Group’s ESG performance, and the relevant data is mainly derived from internal records and estimates.

### Reporting Principles

The Report was prepared in accordance with the principles of materiality, quantification, balance, and consistency. The Group records and discloses environmental and social data using consistent, fixed quantitative standards and methods, and maintains consistency in the statistical standards for each key performance indicator. Regarding materiality assessment, the ESG Task Force has identified stakeholders with significant impact on the Group’s operations and development and conducted materiality assessments for each ESG matter. Based on its strategic plan, the Company defines the short-term, medium-term, and long-term periods as 2026, 2027-2035, and 2036-2050, respectively, and assesses the physical and transitional climate risks and opportunities that may affect the Company’s cash flow, financing, and cost of capital during the corresponding periods. The Company will regularly adjust its monitoring and data collection methods to more accurately reflect and assess its climate risk exposure and potential financial impact. For details on stakeholder participation and the results of the materiality assessment of climate-related matters during the Reporting Period, please refer to the table.

The Company strictly complies with relevant environmental protection regulations, including but not limited to the *Environmental Protection Law of the People’s Republic of China* and the *Shenzhen Environmental Protection Regulations*. We have established systematic internal processes to ensure that our Site operations fully comply with all legal and regulatory requirements that have a significant impact on them, through real-time monitoring of key environmental performance indicators (such as wastewater discharge, exhaust gas control, and hazardous waste disposal) and regular inspections of facilities and equipment. Following internal assessment, the Group did not experience any major environmental violations during the Reporting Period, and all operating projects continued to comply with applicable environmental standards. We will continue to closely monitor the dynamic changes in regulations in Chinese Mainland and Hong Kong SAR, and adjust our environmental management strategies and internal control measures accordingly to ensure continuous and rigorous compliance.

## Reporting Standards and Scope (continued)

### Participation of Stakeholders

The Group understands that the long-term stable development of an enterprise depends on positive interaction between the enterprise and its key stakeholders. The Group communicates with its key stakeholders, including shareholders and investors, employees, suppliers, customers, government departments, and community groups, through various channels to gather their opinions and suggestions on climate-related matters and improve governance.

The Group communicates with its key stakeholders through the following methods:

Key Stakeholders	Communication channels
Shareholders and Investors	Annual General Meeting and other shareholders' meetings (if any) Interim reports, annual reports, announcements and other published information Company website Company newsletter
Employees	Regular performance reviews Professional training, team building activities and cultural events Interviews
Suppliers	Business meetings Tendering and bidding activities Supplier conferences
Customers	Customer support hotline and email Product exhibitions
Government and Community	Volunteer activities Interviews (if any) On-Site inspections and checks Charitable and social investments

**Reporting Standards and Scope (Continued)**

**Materiality Assessment of ESG-related Matters**

In identifying ESG matters and assessing their impact on the Group and its major stakeholders, the Group has considered its business characteristics, geographical location, operating conditions, and other practical factors, and has also incorporated stakeholder feedback gathered through various communication channels to categorise the importance of each significant ESG matter. The relevant significant matters and their corresponding reporting guidelines are set out below:

ESG Index	Material ESG Matters	Materiality
<b>A. Environmental</b>		
A1. Emissions	Greenhouse gas emission	Medium
	Waste management	Medium
A2. Use of Resources	Energy consumption	Medium
	Water consumption	Medium
	Packing material consumption	Medium
A3. The Environment and Natural Resources	Impact of operating activities on the environment and natural resources	Medium
A4. Climate Risks, Indicators, and Strategies	Internal Carbon Pricing, Physical Risks and Transition Risks, Industry Indicators	Medium

## Reporting Standards and Scope (Continued)

### Materiality Assessment of ESG-related Matters (Continued)

ESG Index	Material ESG Matters	Materiality
<b>B. Social</b>		
B1. Employment	Recruitment, promotion and dismissal	Medium
	Remuneration and benefits	Medium
	Equal opportunity	Medium
B2. Health and Safety	Workplace safety supporting facilities and management system	High
	Safety supporting facilities and management system for employees' living area	High
B3. Development and Training	On-the-job training and diversified development for employees	Medium
B4. Labour Standards	Prevention of child labour and forced labour	High
B5. Supply Chain Management	Fair and clear procurement rules	Medium
	Stable business relationship	Medium
B6. Product Responsibility	Intellectual property	High
	After-sales services	Medium
	Privacy protection	High
B7. Anti-corruption	Anti-corruption and anti-bribery policies and reporting mechanism	Medium
	Anti-corruption training	Medium
B8. Community Investment	Community participation	Medium
	Charity activities	Low

### Reporting Standards and Scope (Continued)

#### A. Environmental

##### A.1 Emissions

The Group strictly complies with the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, and the *Water Pollution Prevention and Control Law of the People's Republic of China*.

During the Reporting Period, the Group was primarily engaged in the SMT and semiconductor equipment manufacturing-related business. Unlike the production processes of other industrial enterprises, the production process of SMT equipment does not generate large-scale, heavily polluting waste gas, wastewater, or solid waste emissions. The Group has outsourced its basic processing technology; it does not generate wastewater, sludge, or other hazardous waste as defined by national regulations.

The waste gas emissions generated during the Site's production and operation mainly originate from logistics and transportation. During the Reporting Period, the Group emitted approximately 2.46 kg of nitrogen oxides (NO<sub>x</sub>), a decrease of 31.77% compared to 3.60 kg in the previous year; emitted approximately 0.08 kg of sulfur oxides (SO<sub>x</sub>), a decrease of 11.83% compared to 0.09 kg in the previous year; and emitted 0.18 kg of particulate matter (PM), a decrease of 31.77% compared to 0.27 kg in the previous year.

The Company has financial control over its Site operations and full authority over the formulation and implementation of its operating policies; therefore, we adopt the "control method" as the greenhouse gas emission measurement method. During the Reporting Period, there were no significant changes in the main production operations at the Site, and the greenhouse gas measurement methods, input data, and assumptions remained unchanged. Our Site is located in Shenzhen, Guangdong Province, China. The emission assessment and calculation work at the Site strictly adheres to the requirements of the *Shenzhen Special Economic Zone Ecological Environment Protection Regulations* and the *Shenzhen Carbon Emission Trading Management Measures* and uses the Shenzhen Municipal Government's guidelines for carbon emission accounting related to manufacturing as specific operational guidelines.

### Reporting Standards and Scope (Continued)

#### A. Environmental (Continued)

##### A.1 Emissions (Continued)

During the Reporting Period, the Site's total absolute greenhouse gas emissions were 709.50 metric tons. Of this, direct greenhouse gas (Scope 1) emissions mainly arose from the combustion of gasoline and diesel during transport, amounting to 14.23 metric tons, a decrease of 13.51% from 16.15 metric tons last year. Of this, carbon dioxide (CO<sub>2</sub>) emissions were 12.89 metric tons, a decrease of 11.82% from 14.62 metric tons last year; methane (CH<sub>4</sub>) emissions were 0.03 metric tons, a decrease of 12.49% from 0.04 metric tons last year; and nitrous oxide (N<sub>2</sub>O) emissions were 1.31 metric tons, a decrease of 12.67% from 1.49 metric tons last year. Emissions from indirect energy sources (Scope 2) mainly arose from purchased electricity used in the Site's daily operations, amounting to 695.27 metric tons, a decrease of 28.81% from 976.65 metric tons in the previous year. The above data are calculated using the 2022 State Grid average emission factor of 0.5856 kgCO<sub>2</sub>e/kWh in China. The Group is currently improving its data collection mechanism, and the Scope 3 greenhouse gas emissions for the Reporting Period are not yet ready for disclosure.

The Group's measurement methods comply with the "Greenhouse Gas Accounting System: Enterprise Accounting and Reporting Standard (2004)," and input data comes from actual electricity consumption records at the Site. During the Reporting Period, the Group's waste gases emissions decreased and remained generally controllable. Furthermore, the Group currently does not have any Green Electricity Certificates (RECs) or signed Electricity Purchase Agreements (PPAs); therefore, no market-based approach was used for adjustment.

The Group has set a target of reducing energy consumption per unit of output by 10%. This target is derived from the Shenzhen Electronic Information Equipment Industry Intensity Emission Reduction Path (benchmarked against the High-tech Zone ≤ 6.1 kWh/RMB 10,000), which complies with the Shenzhen Carbon Peak Scheme industry standard. The Group does not use carbon credits and plans to reduce emissions through equipment upgrades in Scope 1 and Scope 2 without relying on external offsetting.

### Reporting Standards and Scope (Continued)

#### A. Environmental (Continued)

##### A.1 Emissions (Continued)

Regarding vehicle management, the Group has formulated vehicle management regulations and assigned dedicated personnel to record and monitor the rationality and usage of vehicles to avoid unnecessary energy consumption. Regarding the control of indirect exhaust emissions, the Group conducts regular and detailed inspections and maintenance of all vehicles to ensure they operate in good working order and comply with emission regulations. It also increases the proportion of unleaded gasoline and low-emission-coefficient diesel fuel used to minimise exhaust emissions.

As mentioned above, the Site's production operations do not generate hazardous waste. During the Reporting Period, the Site generated 9.5 metric tons of non-hazardous domestic waste, a decrease of 5% from 10 metric tons last year. The Group has set targets to further reduce waste where feasible and to maximise waste recycling rates. The Group continues to promote a waste-reduction and environmentally friendly corporate culture, encouraging employees to minimise unnecessary waste production while increasing the recycling rate of domestic waste. The Group has formulated detailed waste recycling management regulations and strictly follows them to ensure that all types of waste are effectively recycled and disposed of. Specifically, this includes setting up dedicated waste recycling stations within the Site area; classifying waste generated in various production workshops, warehouses, offices, and dormitories into three categories—recyclable, non-recyclable, and production tailings; and hiring external cleaning companies to carry out classified recycling or harmless treatment of waste.

## Reporting Standards and Scope (Continued)

### A. Environmental (Continued)

#### A.2 Use of Resources

The Site does not directly purchase fossil fuels, oil, or liquefied petroleum gas as energy sources for its production. The primary energy source for both production areas and employee living quarters is electricity. We reduce total energy consumption by identifying energy efficiency improvement opportunities throughout the manufacturing process, implementing improvements, and reviewing and evaluating the effectiveness of our management system and energy management performance. The Group adopts IFRS S2 requirements as an indicator to measure energy efficiency. Energy usage during the Reporting Period is as follows:

Indicator	Unit	2025 (Reporting Period)	2024 (Previous Year)	Change (%)
Total Electricity Consumption	kWh	<b>864,550.00</b>	1,214,439.00	-28.81%
Electricity Consumption Intensity	kWh/Revenue (HKD Million)	<b>3,568.91</b>	4,862.11	-26.60%

The Group has set targets to strengthen energy management to improve energy efficiency. Key projects include:

- 1) Lighting and Air Conditioning Retrofit: Adopting LED energy-saving lighting fixtures and installing sensor systems and optimising the central air conditioning system with frequency conversion to reduce unnecessary losses.
- 2) Production Equipment Upgrade: Introducing high-efficiency automated equipment to replace older machines, improving the production energy efficiency per unit product.
- 3) Building energy conservation awareness: Establish an energy conservation reward and punishment mechanism and incorporate energy efficiency into daily operation and management processes.

### Reporting Standards and Scope (Continued)

#### A. Environmental (Continued)

##### A.2 Use of Resources (Continued)

Water is required in both production and employee living areas of the Site. During the Reporting Period, the Group's total water consumption was 27,359.18 cubic meters, a decrease of 29.31% from 38,702 cubic meters last year. No problems were encountered or anticipated regarding the availability of suitable water sources, and all production and living areas have a stable water supply sufficient to meet daily operational needs. The Group has formulated internal electricity and water management policies and related guidelines with reference to the *Energy Conservation Law of the People's Republic of China*, setting targets to further reduce unnecessary resource consumption and improve resource utilisation efficiency where feasible. Regarding water resource use, the Group has set water resource management indicators, conducts monthly statistics and reviews of water consumption in the Site area, and encourages employees to conserve water.

Regarding electricity use, the Group adheres to the principles of safety and energy conservation. The engineering and maintenance department is responsible for regularly inspecting and maintaining production, office, and living equipment within the Site area to ensure that all equipment is in optimal operating condition. Employees are required to conserve electricity at all times, including turning off production and living equipment during non-use periods or reducing equipment standby time, and making good use of indoor lighting.

The Group primarily uses materials such as timber, cardboard, and stretch film for product packaging and transportation. During the Reporting Period, total material usage was 212.86 metric tons (of which timber accounted for 97%) with a slight year-on-year increase. Adhering to environmental and conservation principles, we minimise plastic usage, prioritize the procurement of recyclable materials, reduce plastic use and improve resource utilization by promoting recycling and reuse, optimizing packaging design to reduce redundant materials, and strengthening material management on the production floor. This reduces the environmental impact of the packaging process from its source.

### Reporting Standards and Scope (Continued)

#### A. Environmental (Continued)

##### A.3 *The Environment and Natural Resources*

The Group's operations do not have a direct and significant impact on the environment and natural resources. Adhering to the "Towards Green and Low-Carbon" philosophy, it strives to implement this philosophy across all business segments. This is achieved through the formulation of relevant policies and processes and the adoption of various energy-saving and emission-reduction measures to achieve higher energy efficiency and minimize environmental impact. These measures are described in the "Emissions" and "Resource Use" sections.

##### A.4 *Climate Risks, Indicators, and Strategies*

The Group has identified key assets, including production equipment and plant, that are vulnerable to climate-related physical risks (such as extreme weather) and transition risks (such as changes in carbon policy). Based on assessment, these risks currently do not meet the financial materiality threshold (less than 5% of total assets). The Group continuously monitors climate-related risks (such as supply chain power curtailment risks and reduced energy efficiency due to high temperatures) and will include specific allocations in its capital budget as appropriate, depending on future technological developments and emissions reduction progress. We are also committed to developing high-efficiency equipment and continuously optimizing our climate-related capital allocation.

Currently, the Group has not adopted an internal carbon pricing mechanism, primarily because the emission scale of our production Sites has not reached the materiality threshold, and current carbon market prices sufficiently reflect policy costs. We are evaluating an implementation plan to integrate carbon pricing into capital investment decisions, supply chain management. The Group will refer to the Shenzhen Carbon Exchange market price (approximately RMB 48/tCO<sub>2</sub>e) as a benchmark to progressively internalize carbon costs into our long-term strategic decision-making. The Group's core business actively aligns with the *General Principles for Assessment of Green Factory* and the requirements of the Green Manufacturing System for Electronic Information Equipment, integrating key indicators into our environmental management objectives. The Group is committed to narrowing the gap with industry leaders and enhancing our core competitiveness in green manufacturing.

### Reporting Standards and Scope (Continued)

#### A. Environmental (Continued)

##### A.4. Climate Risks, Indicators, and Strategies (Continued)

Regarding energy targets set during previous reporting periods, the Group has improved its transportation management regulations, achieving 100% compliance with regular vehicle maintenance standards, increasing the use of unleaded gasoline, and effectively controlling indirect emissions. In terms of waste management, the Group has implemented full coverage of waste sorting and recycling stations within the Site area and achieved 100% outsourced harmless treatment of production waste. Regarding resource efficiency, Site equipment undergoes regular maintenance and is kept in optimal operating condition, with monthly statistics on water and electricity consumption. The targets for the next two years include further reducing energy consumption per unit of output and fully promoting unleaded fuels, reducing total waste and increasing recycling rates, and maintaining reasonable and efficient levels of electricity consumption and water resource use. These targets align with Shenzhen's carbon peaking scheme and green manufacturing standards, have been incorporated into the Board's oversight mechanism, and are being gradually considered for linkage to compensation.

#### B. Social

##### B.1 Employment

Employees are a key source of a company's core competitiveness. The Group adheres to a people-oriented management philosophy, emphasizing employee development, protecting employee rights, ensuring employee health and safety, and caring for employee well-being. We stress the corporate values of "co-creation, co-use, co-inheritance, and co-transmission," believing that a diverse and harmonious environment fosters continuous corporate progress. The Group strictly adheres to relevant labor laws and regulations, including but not limited to the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, and the Hong Kong *Employment Ordinance*. We regularly monitor updates to these regulations to ensure employees enjoy reasonable compensation, benefits, and rest time, and continuously improve our systems and mechanisms to create the best internal growth environment for our employees.

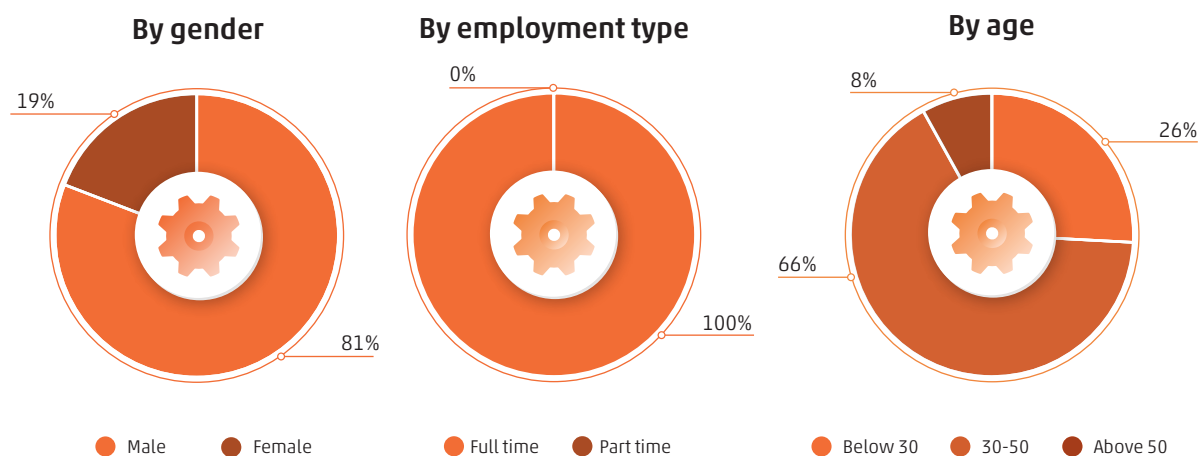
Reporting Standards and Scope (Continued)

B. Social (Continued)

B.1 Employment (Continued)

The Group treats employee dismissal, recruitment, and promotion fairly and reasonably, providing equal opportunities and promoting employee diversity. During the recruitment process, we ensure there is no discrimination based on gender, age, sexual orientation, religion, or race, and strictly adhere to approval procedures and systems. We implement a flexible compensation system that comprehensively considers employee qualifications, abilities, market salary levels, and company profitability. We treat all employees equally while paying attention to individual differences, valuing and caring for employees facing difficulties, and providing support through various policies and mechanisms to protect their legal rights. The Group also provides employees with various benefits and allowances, including holiday and birthday celebrations, occupational health checkups, employee medical examinations, and subsidies for meals, transportation, and phone expenses. The Group is also happy to share the fruits of our labour with employees, and awards bonuses to individuals and teams who have made outstanding contributions to the Company's development.

We strictly abide by relevant laws and regulations, regulating working hours, rest and leave, and other related benefits through regulations, contracts, and other means to protect employees' legitimate rights regarding remuneration, working hours, rest and leave, etc. During the Reporting Period, the Group did not experience any instances of employee salaries violating local government policies, nor did it exhibit any serious violations of laws, regulations, or professional ethics such as forced or coerced labor. As of December 2025, the Group had a total of 267 employees at its Site, which can be categorized by gender, age, and employment type as follows:

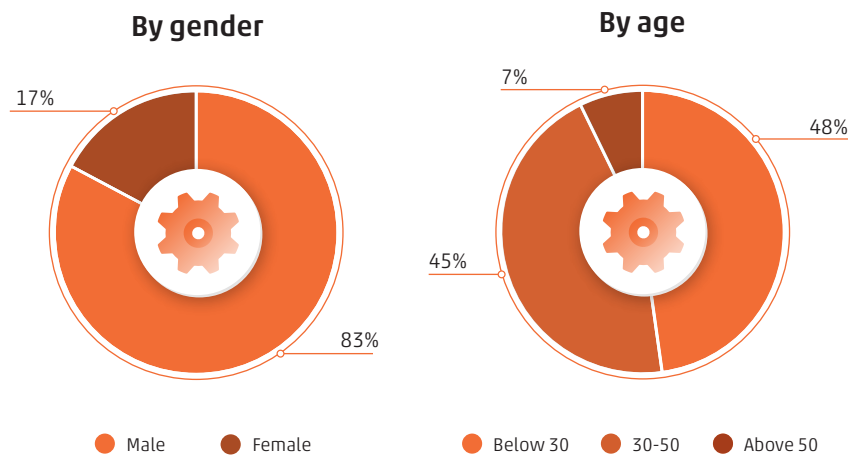


Reporting Standards and Scope (Continued)

B. Social (Continued)

B.1 Employment (Continued)

A stable work environment is beneficial in reducing employee turnover, which is crucial for the Company's stable development and the maintenance and improvement of productivity. We provide employees with competitive compensation and benefits, ample on-the-job training opportunities, emphasise communication with employees, and regularly collect feedback from employees regarding company policies and daily work, creating a positive work environment and opportunities for advancement. During the Reporting Period, the Group's employee turnover rates by gender and age group are as follows:



Since the report covers the Group's production Site in Shenzhen, Guangdong Province, China, and all employee turnover occurred in this area, there is no need to further categorize by region.

B.2 Health and Safety

The Group strictly adheres to the *Labor Law of the People's Republic of China* and the *Production Safety Law of the People's Republic of China*, cares for the physical and mental health of our employees, actively provides a safe and comfortable working environment, and encourages work-life balance. It has established a Safety Management System and a Comprehensive Emergency Response Plan, systematically managing safety in production. We have also developed Safety Operating Procedures tailored to the characteristics of each job position, providing clear guidelines for safety requirements at every stage of production. The Group also has Equipment Maintenance and Upkeep Standards, requiring employees to conduct daily equipment inspections according to these standards. Our factory has a canteen, and we conduct strict and regular inspections of the food hygiene and safety of our contractors to create a good dining environment and quality for our employees. For employee dormitories within the Site area, the Group regularly assesses the hygiene and safety of the dormitories, repairs and replaces indoor supplies, and provides employees with a clean and safe living environment.

### Reporting Standards and Scope (Continued)

#### B. Social (Continued)

##### B.2 Health and Safety (Continued)

The Group's production process management adheres to the principle of "safety first, prevention foremost," systematically implementing various safety management systems and striving to reduce the risk of accidents in production and operations with a rigorous attitude. During the Reporting Period, there were no work-related fatalities, and the number of working days lost due to work-related injuries was 66. The Group has handled the aftermath in a timely manner and completed the relevant investigations and rectifications. It will continue to strengthen its safety management system to protect the health of its employees and ensure production safety.

##### B.3 Development and Training

The Group is committed to continuously improving employee skills and building a learning organization. It provides employees with internal and external training, covering middle and senior management and practical aspects such as supply chain management, quality control, R&D innovation, cost reduction and efficiency improvement, performance management, and warehousing practices. We strengthen on-the-job training for frontline staff, enhance departmental skills development, and promote cross-departmental knowledge sharing. This aims to improve all employees' understanding of the Group's culture, strategy, management systems, and patented technologies, making "training" the greatest benefit for employees and gradually transforming the awareness of "continuous learning and improvement" into a work and life habit for all employees.

During the Reporting Period, all employees of the Group received at least one on-the-job training session, achieving a 100% training rate. In terms of training hours, the total training hours completed by the Group's employees amounted to 2362 hours, roughly the same as the previous year. The average training hours completed per employee, categorised by gender and employee type, are as follows:

Gender	Total number of training hours	Number of Employees	The average number of training hours
Male	1573.00	216	7.28
Female	789.00	51	15.47

## Reporting Standards and Scope (Continued)

### B. Social (Continued)

#### B.3 Development and Training (Continued)

Employment type	Total number of training hours	Number of Employees	The average number of training hours
Senior management	325.00	6	54.17
Manager	860.00	33	26.06
Technical and operational staff	993.00	189	5.25
Other	184.00	39	4.72

#### B.4 Labour Standards

The employment of child labour and forced labor violates basic human rights and international labor conventions, posing a serious threat to sustainable social and economic development. The Group prohibits the use of child labor and forced labor in any workplace and has established relevant human resources policies and guidelines. During the Reporting Period, The Group strictly complied with the *Law of the People's Republic of China on the Protection of Minors* and did not employ any child labor or forced labor; the onboarding and offboarding of our employees were handled in accordance with the procedures stipulated by the Human Resources Department; changes in working hours and positions during employment were all made with the consent of the employees; The Group also has an internal monitoring mechanism to accept reports of violations and illegal activities at any time and will handle them promptly. During the Reporting Period, no forced labor incidents occurred.

### Reporting Standards and Scope (Continued)

#### B. Social (Continued)

##### B.5 Supply Chain Management

The Group enhances product and operational quality through rigorous supply chain management. It has established a comprehensive supplier selection and management mechanism, including specific and clear procurement selection criteria to meet procurement needs. This includes attention to supplier reputation, material quality and price, and environmental impact, such as the practice of using environmentally friendly products and services. Suppliers are selected, evaluated, and assessed fairly and openly throughout the procurement process. The Group's supplier assessment covers product and service delivery capabilities, the technical standards of supplied materials, quality assurance capabilities, and the trial use of material samples. For specific materials, the Group requires suppliers to sign environmental assurance agreements to identify their environmental protection and social risk awareness. Suppliers must ensure that such materials comply with relevant environmental management substance requirements and labeling requirements and must not contain any hazardous chemicals specifically designated.

The Group also conducts ongoing periodic assessments of existing suppliers, comparing their material prices, delivery times, material quality, the proportion of environmentally friendly products used, and service performance based on current market conditions. This aims to ensure that suppliers offer reasonable pricing and can consistently provide high-quality products and services. All supplier evaluation processes within the Group involve multiple departments, including procurement, R&D, quality control, and production, to ensure that the processes are fair, scientific, and transparent.

The number of suppliers in this group by region is as follows:

Region	Number of suppliers
South China	156
North China	2
East China	25
Central China	2
Overseas	2

### Reporting Standards and Scope (Continued)

#### B. Social (Continued)

##### B.6 Product Responsibility

The Group adheres to the philosophy of "service quality first, customer experience priority," and is committed to providing customers with excellent service and high-quality products. To ensure product quality and service standards, The Group has established a series of internal management regulations for our main products, including product design, incoming material inspection, product production, finished product inspection, product packaging, shipping, installation, and after-sales service, to meet customer requirements and ensure compliance with relevant product standards and laws and regulations. The Group has detailed product inspection and control procedures to ensure that materials and semi-finished and finished products in the production process meet the prescribed quality requirements. The inspection process includes first-article inspection (i.e., the first batch production of a new product; for each batch, when there are technical changes in the product structure, the R&D department or production department provides the first article for verification); self-inspection, mutual inspection, and patrol inspection procedures between departments. If any quality problems are found, they will be handled immediately in accordance with the *Non-conforming Product Control Procedure*. If the quality department cannot inspect the items, the purchasing department will be notified in a timely manner to request the supplier to attach relevant quality assurance certificates with the goods. If sold products are found to have quality problems, the Group will also arrange for immediate recall. During the Reporting Period, none of the products sold or shipped by the Group required recall for safety or health reasons.

During the Reporting Period, the Group received no complaints regarding products or services. Its after-sales service team is dedicated to responding to customer inquiries, feedback, and complaints. All complaints are recorded in the internal system for monitoring progress and handling.

The Group has an intellectual property management system, utilizing various knowledge databases and patent databases to store information, and has established relevant structured lists specifying the corresponding user permissions. Its intellectual property, goodwill, and other intellectual assets are collected, organized, and maintained by the public relations manager. The Group also has confidentiality regulations, strictly protecting customer information obtained during business operations and using it in accordance with relevant laws and regulations. Confidentiality clauses are included in contracts signed with customers to prevent the leakage of confidential or private information. All employees of the Group who have access to and access to customer information must abide by confidentiality agreements.

### Reporting Standards and Scope (Continued)

#### B. Social (Continued)

##### *B.7 Anti-corruption*

The Group places great emphasis on professional ethics and integrity. All its operations comply with the *Several Provisions on Integrity of Leaders of State-Owned Enterprises*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the Hong Kong *Prevention of Bribery Ordinance*, as well as other laws and regulations concerning the prevention of corruption, bribery, extortion, fraud, money laundering, and other misconduct. The Group also regularly provides annual anti-corruption training for its directors and employees to enhance their awareness of anti-corruption. Employees are required to report any acts of corruption, bribery, extortion, or money laundering to the Board, which will investigate such cases in conjunction with relevant departments.

The Group believes that these measures are necessary for long-term sustainable development and, under transparent standards, will earn the trust of employees, customers, suppliers, and shareholders. During the Reporting Period, there were no corruption lawsuits filed or concluded against the Company or its employees.

##### *B.8 Community Investment*

The Group highly values its corporate social responsibility, actively participates in community development, proactively understands the needs of the areas where it operates, and consistently considers community interests in its daily business activities, fostering a harmonious relationship with the community. During the Reporting Period, the Group adhered to the principle of working together with all sectors of society to overcome difficulties and provide mutual assistance, contributing approximately RMB 7,895 to charitable causes. Looking ahead, the Group will continue to assist in improving community well-being, encourage employees to participate in public welfare activities, and achieve mutual progress between the Company and community's public services.



**To the members of Sino ICT Holdings Limited**  
(incorporated in Bermuda with limited liability)

## Opinion

We have audited the consolidated financial statements of Sino ICT Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 76 to 200, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting 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 ("HKSA") 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 Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

### Key Audit Matter (Continued)

Key audit matter	How the matter was addressed in our audit
<p><b>Expected credit losses (“ECL”) assessment of trade and bills receivables</b></p> <p>We identified the ECL assessment of trade and bills receivables as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant judgment and management's estimates in evaluating the ECL allowance of the Group's trade and bills receivables at the end of the reporting period.</p> <p>As disclosed in notes 2.14 and 4.1(b) to the consolidated financial statements, the Group recognised an ECL allowance of trade and bills receivables based on lifetime ECL in the current year. In calculating the ECL allowance, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.</p> <p>As disclosed in note 26 to the consolidated financial statements, the carrying amount of the Group's trade and bills receivables was HK\$82,505,000, net of ECL allowance of HK\$792,000, as at 31 December 2025. The Group recognised a reversal of ECL allowance of HK\$23,000 on trade and bills receivables for the current year.</p>	<p>Our audit procedures in relation to the ECL assessment of trade and bills receivables included the followings:</p> <ul style="list-style-type: none"><li>• obtained an understanding of the Group's process and control over credit risk assessment and how management estimates the ECL allowance of trade and bills receivables;</li><li>• assessed the appropriateness of ECL model used by management in calculating the ECL allowance of trade and bills receivables with the assistance from the auditor's expert;</li><li>• obtained and tested the ageing of trade and bills receivables which was assessed based on provision matrix, reviewed their history of repayment and management's assessment of the financial capability of the debtors and forward-looking information used;</li><li>• assessed the appropriateness of classification in the provision matrix of a sample basis and the reasonableness of the ECL rates, taking into consideration the historical loss rates and forward-looking information with the assistance from the auditor's expert; and</li><li>• checked, on a sample basis, the accuracy of the ECL allowance of trade and bills receivables in accordance with the ECL rates applied by the Group.</li></ul>

### 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 the 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 as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors 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 judgment and maintain professional skepticism throughout the audit. We also:

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

**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.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

From the matter communicated with the Audit Committee, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter 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

31 March 2026

Lam Wai Ping

Practising Certificate No.: P07826

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000 (Re-presented)
<b>Revenue</b>	5	<b>337,501</b>	247,040
Cost of sales		<b>(205,796)</b>	(185,655)
<b>Gross profit</b>		<b>131,705</b>	61,385
Other income	7	<b>29,332</b>	35,322
Other gains, net	8	<b>9,015</b>	3,620
Distribution costs		<b>(44,781)</b>	(39,386)
Administrative expenses		<b>(80,758)</b>	(97,868)
Reversal of expected credit losses ("ECL") allowance of trade and bills receivables		<b>23</b>	34
<b>Operating profit/(loss)</b>		<b>44,536</b>	(36,893)
Finance income	9	<b>822</b>	1,474
Finance costs	9	<b>(22,419)</b>	(27,400)
Finance costs, net	9	<b>(21,597)</b>	(25,926)
Share of results of associates	18(b)	<b>(501)</b>	(5,301)
Share of result of a joint venture	18(c)	<b>249</b>	244
<b>Profit/(Loss) before income tax</b>		<b>22,687</b>	(67,876)
Income tax expense	10	<b>(4,549)</b>	(186)
<b>Profit/(Loss) for the year</b>	11	<b>18,138</b>	(68,062)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000 (Re-presented)
<b>Other comprehensive income/(expense)</b>			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Actuarial losses on long service payment	36	(28)	—
<i>Item that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		1,508	(594)
		1,480	(594)
<b>Total comprehensive income/(expense) for the year, net of tax</b>		<b>19,618</b>	<b>(68,656)</b>
<b>Profit/(Loss) for the year attributable to:</b>			
Owners of the Company		19,197	(34,417)
Non-controlling interests		(1,059)	(33,645)
		18,138	(68,062)
<b>Total comprehensive income/(expense) for the year attributable to:</b>			
Owners of the Company		21,578	(35,619)
Non-controlling interests		(1,960)	(33,037)
		19,618	(68,656)
		HK cents	HK cents
<b>Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company</b>			
Basic and diluted	13	1.32	(2.37)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	19	335,455	364,370
Investment properties	20	50,783	57,187
Right-of-use assets	21(a)	21,611	23,207
Intangible assets	22	13,106	14,452
Interests in associates	18(b)	2,893	3,394
Interest in a joint venture	18(c)	10,918	10,458
Financial assets at fair value through profit or loss ("FVTPL")	25	38,081	24,317
Deferred income tax assets	35	1,285	2,965
Other receivables	26	641	1,047
		<b>474,773</b>	501,397
<b>Current assets</b>			
Inventories	23	21,853	21,747
Trade and other receivables	26	125,945	188,835
Financial assets at FVTPL	25	83	132
Cash and cash equivalents	27	207,120	205,301
Income tax recoverable		249	—
		<b>355,250</b>	416,015
Assets classified as held for sale	28	—	6,434
		<b>355,250</b>	422,449
<b>Total assets</b>		<b>830,023</b>	923,846
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	29	145,500	145,500
Share premium		95,240	95,240
Other reserves	30	34,851	32,470
Accumulated losses		(27,887)	(47,084)
<b>Equity attributable to owners of the Company</b>		<b>247,704</b>	226,126
Non-controlling interests		(43,165)	(41,205)
<b>Total equity</b>		<b>204,539</b>	184,921

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current liabilities</b>			
Bank and other borrowings	33	370,461	334,801
Lease liabilities	21(b)	1,069	2,792
Deferred income	34	310	454
Deferred income tax liabilities	35	12,744	11,922
Long service payment obligations	36	437	308
		<b>385,021</b>	<b>350,277</b>
<b>Current liabilities</b>			
Trade and other payables	31	108,638	177,255
Contract liabilities	32	24,439	53,568
Bank and other borrowings	33	105,668	155,695
Lease liabilities	21(b)	1,718	1,631
Income tax payables		—	499
		<b>240,463</b>	<b>388,648</b>
<b>Total liabilities</b>		<b>625,484</b>	<b>738,925</b>
<b>Total equity and liabilities</b>		<b>830,023</b>	<b>923,846</b>
<b>Net current assets</b>		<b>114,787</b>	<b>33,801</b>
<b>Total assets less current liabilities</b>		<b>589,560</b>	<b>535,198</b>

**Yuan I-Pei**  
Director

**Xia Yuan**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company						
	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000 (note 29)	HK\$'000	HK\$'000 (note 30)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	145,500	95,240	33,672	(12,667)	261,745	(8,168)	253,577
Loss for the year	–	–	–	(34,417)	(34,417)	(33,645)	(68,062)
<i>Other comprehensive (expense)/income for the year:</i>							
- Exchange differences on translation of foreign operations	–	–	(1,202)	–	(1,202)	608	(594)
Total comprehensive expense for the year	–	–	(1,202)	(34,417)	(35,619)	(33,037)	(68,656)
As at 31 December 2024 and 1 January 2025	145,500	95,240	32,470	(47,084)	226,126	(41,205)	184,921
Profit/(Loss) for the year	–	–	–	19,197	19,197	(1,059)	18,138
<i>Other comprehensive (expense)/income for the year:</i>							
- Actuarial losses on long service payment	–	–	(28)	–	(28)	–	(28)
- Exchange differences on translation of foreign operations	–	–	2,409	–	2,409	(901)	1,508
Total comprehensive income/(expense) for the year	–	–	2,381	19,197	21,578	(1,960)	19,618
As at 31 December 2025	145,500	95,240	34,851	(27,887)	247,704	(43,165)	204,539

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000 (Re-presented)
<b>Cash flows from operating activities</b>			
Cash from operations	37(a)	55,036	10,812
Interest received		822	1,474
Interest paid		(8,150)	(7,489)
Income tax paid		(2,470)	(742)
Net cash from operating activities		45,238	4,055
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	19	(4,055)	(5,543)
Purchase of leasehold land included in right-of-use assets	21(a)	—	(5,765)
Proceeds from disposal of property, plant and equipment		28	604
Net cash used in investing activities		(4,027)	(10,704)
<b>Cash flows from financing activities</b>			
New bank and other borrowings raised	37(b)	116,132	114,629
Repayment of bank and other borrowings	37(b)	(155,413)	(74,960)
Repayment to lease liabilities	37(b)	(1,887)	(8,956)
Net cash (used in)/from financing activities		(41,168)	30,713
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents as at 1 January		205,301	183,169
Effect of foreign exchange rate changes		1,776	(1,932)
<b>Cash and cash equivalents as at 31 December</b>	27	<b>207,120</b>	<b>205,301</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

Sino ICT Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its address of the principal place of business is Suite 1101 & 1112, The Gateway Tower 1, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors, the immediate holding company of the Company is Sino Xin Ding Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is UNIC Capital Management Co., Ltd. 中青芯鑫(蘇州工業園區)資產管理有限責任公司 ("UNIC Capital Management"), a company established in the People's Republic of China (the "PRC").

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) Surface Mount Technology ("SMT") equipment manufacturing; and (ii) sales of electricity and provision of electricity spot market transaction and auxiliary services ("Energy Business") in the PRC. The principal activities of the Company's subsidiaries are set out in note 18(a).

These consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

In these consolidated financial statements, certain English name of the companies referred herein represent management's best effort to translate the Chinese name of the companies as no English name has been registered.

The consolidated financial statements for the year ended 31 December 2025 were approved for issue by the board of directors on 31 March 2026.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations (“HKFRS Accounting Standards”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRS Accounting Standards and the impacts on the Group’s consolidated financial statements, if any, are disclosed below.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at FVTPL which are stated at fair values. Non-current assets and disposal group held for sale are stated the lower of carrying amount and fair value less costs to sell. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.1 Basis of preparation (Continued)**

*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 do not have a material impact on the financial statements of the Group.

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 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>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (Continued)

*Adoption of new and amended HKFRS Accounting Standards (Continued)*

Issued but not yet effective HKFRS Accounting Standards (Continued)

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. The new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

#### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

## **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **2.2 Basis of consolidation (Continued)**

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

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 comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the year between non-controlling interests and the owners of the Company.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

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.

### **2.3 Associates and joint ventures**

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Associates and joint ventures (Continued)

In consolidated financial statements, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the associate or joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate or joint venture's net assets less any identified impairment loss. The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of the associate or joint venture for the year, including any impairment loss on the investment in associate or joint venture recognised for the year. The Group's other comprehensive income for the year includes its share of the associate or joint venture's other comprehensive income for the year.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the associates or joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

## **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Associates and joint ventures (Continued)**

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associate or joint venture, after applying the ECL model to such other long-term interests where applicable.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate or joint venture. At the end of each reporting period, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9 "Financial Instruments". The difference between (i) the fair value of any retained interest and any proceeds from disposing of partial interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, being the chief operating decision maker ("CODM"), for their decisions about resources 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 CODM are determined following the Group's major product and service lines.

The Group has identified the following reporting segments:

- Production and sales of industrial products – manufacturing and sales of SMT equipment; and
- Energy Business – sales of electricity and provision of electricity spot market transaction and auxiliary services.

The following segment does not meet the quantitative thresholds for the reporting segment, and therefore corresponding revenue grouped under "other gains, net".

- Securities investment – investment in listed equity securities.
- Radar Business – manufacturing and sales of advanced domestic radar hardware and development, application and integration of intelligent software ("Radar Business").

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.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 Segment reporting (Continued)

The measurement policies the Group used for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRS Accounting Standards, except that the following items are not included in arriving at the operating results of the reporting segment:

- share of results of associates and a joint venture;
- income tax expense/credit; and
- corporate income and expenses which are not directly attributable to the business activities of any reporting segment.

Segment assets include all assets other than (i) certain property, plant and equipment, right-of-use assets, intangible assets, inventories, other receivables and cash and cash equivalents which are for administrative and other purpose; (ii) interests in associates; (iii) interest in a joint venture; and (iv) financial assets at FVTPL are not allocated to any reporting segment.

Segment liabilities includes all liabilities other than certain lease liabilities, income tax payables and other payables which are for administrative purpose are not allocated to any reporting segment.

No asymmetrical allocations have been applied to reportable segments.

### 2.5 Foreign currency translation

The consolidated financial statements are presented in HK\$, which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the end of the reporting period retranslation of monetary assets and liabilities are recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.5 Foreign currency translation (Continued)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the end of the reporting period. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this translation have been recognised in other comprehensive income and accumulated separately in the foreign currency translation reserve in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

#### 2.6 Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.6 Property, plant and equipment (Continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method, as follows:

Properties	10-50 years
Machinery and equipment	5-10 years
Furniture, fixtures and property decoration	5-10 years
Computer software	3-10 years
Motor vehicles	3-10 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Investment properties

Investment properties are land and/or buildings which are owned (see note 2.10) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

On initial recognition, investment property is measured at cost, and subsequently at fair value, unless fair value cannot be reliably determined at that time.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised at the end of the reporting period reflect the prevailing market conditions at the end of the reporting period.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group applies HKAS 16 "Property, plant and equipment" for owned property up to the date of change in use. Any difference at that date between the carrying amount of the property in accordance with HKAS 16 and the fair value is accounted for in the same way as a revaluation in accordance with HKAS 16.

Gains or losses arising from either change in the fair value or the sale of an investment property are included in "other gains, net" in the period in which they arise.

#### 2.8 Prepaid lease payments

Prepaid lease payments (which meet the definition of right-of-use assets and classified as right-of-use assets) represent the upfront payments for long-term land lease in which the payments can be reliably measured. It is stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line method to write off the upfront payments over the lease terms of fifty years.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.9 Intangible assets***Research and development costs*

Costs associated with research activities are expenses in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group's ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets.

They are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Development costs	10 years
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All other development costs are expensed as incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.9 Intangible assets (Continued)

##### *Research and development costs (Continued)*

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

Intangible assets, with finite useful lives, are tested for impairment as described below in note 2.12.

#### 2.10 Leases

##### *Definition of a lease and the Group as a lessee*

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.10 Leases (Continued)**

*Definition of a lease and the Group as a lessee (Continued)*

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists. Those right-of-use assets meeting the definition of investment properties are subsequently measured at fair value in accordance with the Group's accounting policies.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.10 Leases (Continued)

*Definition of a lease and the Group as a lessee (Continued)*

Measurement and recognition of leases as a lessee (Continued)

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments changes, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as 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 modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are presented as separate line item in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties". The prepaid lease payments for leasehold land are included as "right-of-use assets".

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.10 Leases (Continued)***The Group as a lessor*

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-leases as two separate contracts. The sub-leases are classified as a finance or operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the short-term lease exemption, then the Group classifies the sub-lease as an operating lease.

The Group sub-leases some of its properties and the sub-lease contracts are classified as operating lease.

The Group also earns rental income from operating leases of its investment properties and right-of-use assets. Rental income is recognised on a straight-line basis over the term of the lease.

*Sale and leaseback transactions*The Group as a seller-lessee

For a transfer that does not satisfy requirements as a sale in accordance with HKFRS 15 "Revenue from Contracts with Customers", the transaction is in substance a financing arrangement under HKFRS 9. Therefore, the Group as a seller-lessee accounts for the proceeds received as "other borrowings" within the scope of HKFRS 9.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.11 Provisions and contingent liabilities

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

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

#### 2.12 Impairment of non-financial assets

The following assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable:

- Property, plant and equipment;
- Right-of-use assets;
- Intangible assets; and
- The Company's investments in subsidiaries.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.12 Impairment of non-financial assets (Continued)**

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised for cash-generating units is charged pro rata to the assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.13 Financial instruments

##### *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### **Financial assets**

##### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets are classified into the following categories:

- amortised cost;
- FVTPL; or
- fair value through other comprehensive income ("FVTOCI").

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for the ECL of trade and bills receivables and other receivables which is presented as a separate item in profit or loss.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial instruments (Continued)

#### Financial assets (Continued)

##### *Subsequent measurement of financial assets*

##### Debt investments – Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and bills receivables and other receivables and cash and cash equivalents fall into this category of financial instruments.

##### Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve – non-recycling in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other income" in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.13 Financial instruments (Continued)

##### Financial liabilities

###### *Classification and measurement of financial liabilities*

The Group's financial liabilities include trade and other payables, bank and other borrowings and leases liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance costs or finance income.

Accounting policies of lease liabilities are set out in note 2.10.

###### Bank and other borrowings

Bank and other borrowings are recognised initially at fair value, net of transaction costs incurred. Bank and other borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the bank and other borrowings using the effective interest method.

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

###### Trade and other payables

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

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.14 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL - the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade and bills receivables recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the end of the reporting period.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

##### *Trade and bills receivables*

For trade and bills receivables, the Group applies a simplified approach in calculating ECL and recognises an ECL allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade and bills receivables have been grouped based on common credit risk characteristics and the days past due.

##### *Other financial assets measured at amortised cost*

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

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of the reporting period with the risk of default occurring on the financial assets 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.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.14 Impairment of financial assets (Continued)**

*Other financial assets measured at amortised cost (Continued)*

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

- 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, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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.

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 each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

*Other financial assets measured at amortised cost (Continued)*

For internal credit risk management, the Group considers an event of default occurs when (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); or (ii) the financial asset is 90 days past due.

Detailed analysis of the ECL assessment of trade and bills receivables and other financial assets measured at amortised cost are set out in note 4.1(b).

#### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is calculated by using weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overhead (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

#### 2.16 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 2.17 Contract liabilities

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

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.18 Share capital

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

### 2.19 Non-current assets, or disposal groups held for sale and discontinued operation

#### *Non-current assets, or disposal groups held for sale*

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered principally through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred income tax assets, employee benefit assets, investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.19 Non-current assets, or disposal groups held for sale and discontinued operation (Continued)

##### *Discontinued operations*

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. The component comprises operations and cash flows that can be clearly distinguished from the rest of the Group and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount in the consolidated statement of comprehensive income comprising the total of: (i) the post-tax profit or loss of discontinued operations and (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

#### 2.20 Revenue recognition

Revenue mainly arises from the production and sales of industrial products.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.20 Revenue recognition (Continued)**

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Group's revenue and other income recognition policies are as follows:

*Production and sales of industrial products and sales of radar products*

The Group manufactures and sells a series of industrial products and radar products. When the control of product has been transferred, being the Group delivered the good to the customer, the Group confirms the revenue if there are no unfulfilled obligations that may affect the customer's acceptance of the product. Delivery conditions are not satisfied until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the acceptance provisions have expired, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

*Sales of electricity*

Revenue from sales of electricity represented revenue from sales of electricity and primary and secondary frequency regulation services is recognised at a point in time when the control of goods has been transferred, being at the point when the Group transmitted the electricity to the customer.

*Rental income*

Accounting policies for rental income are set out in note 2.10.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.20 Revenue recognition (Continued)

##### *Interest income*

Interest income shown in "finance income" is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

##### *Agency fee income and income from provision of administrative services*

Agency fee income and income from provision of administrative services are recognised at the date of the transfer of control of the goods or services to customer and the customer has present obligation to pay.

##### Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.21 Government grants**

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to purchase of assets are included in non-current liabilities as deferred income in the consolidated statement of financial position and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to income is presented in gross under "other income" in the consolidated statement of comprehensive income.

**2.22 Borrowing costs**

The borrowing costs are expensed when incurred.

**2.23 Employee benefits***Retirement benefits*

Retirement benefits to employees are provided through defined contribution plans. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment ("LSP") if the eligibility criteria are met. The LSP are defined benefits plans.

**(a) Defined contribution plans**

The Group operates a defined contribution retirement benefit plan under the MPF Schemes Ordinance (the "MPF Scheme"), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of the payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.23 Employee benefits (Continued)

##### *Retirement benefits (Continued)*

##### (b) Defined benefit plans

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remain with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsettable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Service cost on the Group's defined benefit plan is included in employee benefit expenses. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.23 Employee benefits (Continued)

#### *Retirement benefits (Continued)*

#### (b) Defined benefit plans (Continued)

Net interest expense on the net defined benefit liability is included in employee benefit expenses.

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

#### *Short-term employee benefits*

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

### 2.24 Accounting for income taxes

Income tax comprises current income tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current income tax assets or liabilities are recognised as a component of tax expense in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Accounting for income taxes (Continued)

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

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

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred income tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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 income 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.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.24 Accounting for income taxes (Continued)

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred income tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred income tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse; and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current income tax assets and current income 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) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Accounting for income taxes (Continued)

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

- (a) the entity has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
- (b) the deferred income tax assets and the deferred income 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 income 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 income tax liabilities or assets are expected to be settled or recovered.

#### 2.25 Related parties

For the purposes 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 over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.25 Related parties (Continued)

- (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.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

#### 3.1 Estimation uncertainties

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year are addressed below.

##### *ECL assessment of trade and bills receivables*

The Group assesses ECL allowance on trade and bills receivables based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in note 2.14.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bill receivables within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

As at 31 December 2025, the carrying amount of trade and bills receivables was HK\$82,505,000, net of ECL allowance of HK\$792,000 (2024: HK\$71,367,000, net of ECL allowance of HK\$769,000). The Group recognised a reversal of ECL allowance of HK\$23,000 (2024: provision of ECL allowance of HK\$36,000) on trade and bills receivables for the current year.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)****3.1 Estimation uncertainties (Continued)***Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price less the estimated costs to be incurred to completion and disposal. These estimates are made based on the prevailing market information and the historical experience of selling products of similar nature. It could change significantly as a result of change in market conditions. Management reassesses the estimation at the end of each reporting period to ensure inventories are stated at the lower of cost and net realisable value.

As at 31 December 2025, the carrying amount of inventories was HK\$21,853,000, net of provision for inventories of HK\$10,129,000 (2024: HK\$21,747,000, net of provision for inventories of HK\$1,531,000). Net reversal of write-down of inventories of HK\$322,000 (2024: write-down of inventories of HK\$1,440,000) was recognised in profit or loss during the year.

As at 31 December 2024, the carrying amount of inventories classified as assets held for sale was HK\$3,245,000, net of provision for inventories of HK\$9,096,000 (note 28). Write-down of inventories of HK\$3,134,000 was recognised in profit or loss during the year ended 31 December 2024.

*Estimation of impairment of property, plant and equipment, right-of-use assets and intangible assets*

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

The future cash flow is estimated based on past performance and expectation for market development. Changing the assumptions and estimates, including the discount rates or the growth rates in the cash flow projections, could materially affect the recoverable amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### 3.1 Estimation uncertainties (Continued)

*Estimation of impairment of property, plant and equipment, right-of-use assets and intangible assets (Continued)*

The calculation of the fair value less costs of disposal is based on available data from market less any costs of disposal.

As at 31 December 2025, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets were HK\$335,455,000, net of impairment losses of HK\$7,707,000 (2024: HK\$364,370,000), HK\$21,611,000 (2024: HK\$23,207,000) and HK\$13,106,000, net of impairment losses of HK\$1,776,000 (2024: HK\$14,452,000), respectively. Impairment losses of HK\$112,000 (2024: Nil), Nil (2024: Nil) and HK\$170,000 (2024: Nil) for property, plant and equipment, right-of-use assets and intangible assets, respectively were recognised in profit or loss during the year.

As at 31 December 2024, the carrying amounts of equipment and intangible assets classified as assets held for sale were HK\$2,127,000 and HK\$1,062,000, respectively (note 28). Impairment losses of HK\$2,400,000 and HK\$878,000 for equipment and intangible assets, respectively were recognised in profit or loss during the year ended 31 December 2024.

*Estimated useful life of property, plant and equipment, right-of-use assets and intangible assets with finite useful life*

At the end of each reporting period, management reviews the estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets with finite useful life. The determination of the useful lives and residual values involve management's estimation of the expected usage of each category of property, plant and equipment, right-of-use assets and intangible assets with finite useful life and the industry practice. Management assesses the useful lives and residual values annually and if the expectation differs from original estimates, such differences may impact the depreciation or amortisation in the future year.

As at 31 December 2025, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets with finite useful life were HK\$335,455,000 (2024: HK\$364,370,000), HK\$21,611,000 (2024: HK\$23,207,000) and HK\$13,106,000 (2024: HK\$14,452,000), respectively.

There were no changes in the useful lives and residual values of the property, plant and equipment, right-of-use assets and intangible assets with finite useful life during the years ended 31 December 2025 and 2024.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)****3.1 Estimation uncertainties (Continued)***Estimation of fair value of investment properties*

The best evidence of fair value is current prices in an active market for similar property in the same location and condition and subject to the same lease or other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making these estimates, the Group, with reference to the valuation performed by an independent qualified professional valuer, considers market information of the rental income of comparable properties.

As at 31 December 2025, the carrying amount of the Group's investment properties carried at fair value was HK\$50,783,000 (2024: HK\$57,187,000). Loss on fair value changes in investment properties of HK\$7,072,000 (2024: HK\$3,615,000) was recognised in profit or loss during the year. Details of the fair value measurement of the Group's investment properties are disclosed in note 20.

*Estimation of fair value of unlisted financial instruments*

As at 31 December 2025, unlisted financial instruments represent equity investments with fair value of HK\$38,081,000 (2024: HK\$24,317,000). The fair values are determined by using valuation techniques, details of which are set out in note 4.3. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case the Group uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### 3.2 Critical accounting judgments

##### *Development cost capitalisation*

When the recognition policy in accordance with note 2.9 are met, the development costs are capitalised as intangible assets. Based on the historical experience of existing products and market prospects, management determines whether the research and development will bring future economic benefits to the Group through professional judgments. Any significant changes in market performance and technology development will affect the capitalisation of development costs.

##### *Joint control over Huxin (Shanghai) Industrial Co., Ltd. 滬芯(上海)實業有限公司 (“Huxin Industrial”)*

As at 31 December 2025 and 2024, the Group holds 29.58% equity interest in Huxin Industrial. In accordance with the Articles of Association of Huxin Industrial, the board of directors comprises of four directors, in which each director is appointed by respective shareholder and unanimous consent of the directors and shareholders is required for any resolution to be passed.

Huxin Industrial is a limited liability company which provides the Group and other shareholders with rights to the net assets of Huxin Industrial. Therefore, Huxin Industrial is classified as a joint venture of the Group, and the details of which are set out in note 18(c).

##### *Income taxes*

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

## **4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS**

### **4.1 Financial risk management**

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is conducted by senior management and approved by the board of directors.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

#### *(a) Market risk*

##### *Foreign currency risk*

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in the PRC and Hong Kong, and the primary foreign currency risk arises from financial instruments denominated in currencies other than the functional currency of the Company and its respective subsidiaries. The functional currency of the Group's subsidiaries in the PRC is Renminbi ("RMB"), and the functional currency of the Company and the Group's subsidiaries in Hong Kong and other regions is HK\$.

Currently, there are no hedging policies for the Group on transactions, assets and liabilities denominated in foreign currencies. The Group closely monitors and controls foreign currency risk and considers engaging in hedging activities if there is significant foreign currency risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

#### 4.1 Financial risk management (Continued)

(a) Market risk (Continued)

Foreign currency risk (Continued)

The financial assets denominated in foreign currencies, translated into HK\$ at the closing rates, are as follows:

	United States		Others
	RMB	dollars ("US\$")	
	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 December 2025</b>			
Cash and cash equivalents	13,454	10,747	331
<b>As at 31 December 2024</b>			
Cash and cash equivalents	23,240	7,252	331

The Group is mainly exposed to the effects of fluctuation in RMB. It excludes item 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\$.

## 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

### 4.1 Financial risk management (Continued)

(a) Market risk (Continued)

Foreign currency risk (Continued)

The following tables illustrate the sensitivity of the Group's profit/(loss) for the year and equity in regards to an appreciation in the group entities' functional currencies against RMB. These sensitivity rates are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

	Sensitivity rate	Decrease in profit for the year HK\$'000	Decrease in equity HK\$'000
<b>As at 31 December 2025</b>			
RMB	5%	673	673

	Sensitivity rate	Increase in loss for the year HK\$'000	Decrease in equity HK\$'000
<b>As at 31 December 2024</b>			
RMB	5%	1,162	1,162

The same % depreciation in the group entities' functional currencies against RMB would have the same magnitude on the Group's profit/(loss) for the year and equity but of opposite effect.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

#### 4.1 Financial risk management (Continued)

##### (a) Market risk (Continued)

###### Price risk

Price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to price risk because of change in market price from the listed equity securities held by the Group. To manage its price risk arising from investments in listed equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in listed equity securities are stocks publicly traded in the stock market. As at 31 December 2025 and 2024, the listed equity securities of the Group consist of stocks that are traded in the Stock Exchange. Therefore, the Group's profit/(loss) for the year would be affected by the change of the share price of the listed equity securities held by the Group.

The following table demonstrates the Group's sensitivity to a 5% change in the share price of the listed equity securities, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

	Increase/ (Decrease) in share price	Increase/ (Decrease) in profit for the year 2025 HK\$'000	(Decrease)/ Increase in loss for the year 2024 HK\$'000
Financial assets at FVTPL			
- Listed equity securities	5%	4	(7)
	(5%)	(4)	7

## **4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)**

### **4.1 Financial risk management (Continued)**

#### *(a) Market risk (Continued)*

##### *Interest rate risk*

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank and other borrowings. Bank and other borrowings bear variable rates expose the Group to cash flow interest rate risk. It is the Group's policy to keep its bank and other borrowings at variable rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Loan Prime Rate ("LPR") published by the National Interbank Funding Centre in the PRC arising from the Group's RMB denominated bank and other borrowings.

The sensitivity analysis is prepared assuming the bank and other borrowings with variable interest rate outstanding at the end of the reporting period were outstanding for the whole year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

#### 4.1 Financial risk management (Continued)

(a) Market risk (Continued)

Interest rate risk (Continued)

A 50 basis point increase/decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table details the sensitivity of the Group's profit/(loss) for the year and equity to a 50 basis point in the interest rates, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

	2025		2024	
	(Decrease)/ Increase in profit for the year HK\$'000	(Decrease)/ Increase in equity HK\$'000	Increase/ (Decrease) in loss for the year HK\$'000	(Decrease)/ Increase in equity HK\$'000
Interest rate				
- Increase by 50 basis point	(2,380)	(2,380)	2,452	(2,452)
- Decrease by 50 basis point	2,380	2,380	(2,452)	2,452

## **4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)**

### **4.1 Financial risk management (Continued)**

#### *(b) Credit risk*

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position as at 31 December 2025 and 2024 is the carrying amount of the financial assets as disclosed in note 24.

#### *Trade and bills receivables*

The Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the Group. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers.

In addition, as set out in note 2.14, the Group assesses ECL allowance under HKFRS 9 on trade and bills receivables from sales of industrial products based on provision matrix, the ECL rates are based on the payment profile for sales of industrial products in the past 36 months as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At the end of each reporting period, the historical default rates are updated and changes in the forward-looking estimates are analysed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

#### 4.1 Financial risk management (Continued)

(b) *Credit risk (Continued)*

*Trade and bills receivables (Continued)*

The Group's trade receivables from sales of electricity are due generally within 1 month from the date of billing. The Group usually reaches an agreement on the term of each payment with the corporate customer by taking into account of factors such as, among other things, the credit history of the corporate customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

Given that the management has made individual assessment on the recoverability of trade receivables from sales of electricity based on historical settlement records and past experience as well as current external information, the credit risk of trade receivables from sales of electricity is considered to be low as all trade receivables are neither past due nor impaired. As at 31 December 2025, ECL allowance in respect of trade receivables from sales of electricity is considered insignificant.

Trade and bills receivables from sales of industrial products and electricity are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments after the credit period from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

The Group's concentration of credit risk by geographical location is located in the PRC in majority as at 31 December 2025 and 2024.

The Group has significant exposure to individual customers. At the end of the reporting period, 31% (2024: 12%) and 36% (2024: 33%) of the carrying amount of trade and bills receivables were due from the Group's largest customer and top 5 customers, respectively.

## 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

### 4.1 Financial risk management (Continued)

(b) Credit risk (Continued)

Trade and bills receivables (Continued)

On the above basis, the ECL allowance of trade and bills receivables as at 31 December 2025 and 2024 was determined as follows:

	2025			2024		
	ECL rate	Gross amount	ECL allowance	ECL rate	Gross amount	ECL allowance
		HK\$'000	HK\$'000		HK\$'000	HK\$'000
Current	0.1%	54,314	31	0.2%	45,201	90
Overdue for 1 year or less	0.3%	27,942	72	0.4%	26,259	105
Overdue for 1 year to 2 years	18.7%	433	81	42.8%	179	77
Overdue more than 2 years	100%	608	608	100%	497	497
		<b>83,297</b>	<b>792</b>		<b>72,136</b>	<b>769</b>

Other receivables (including amounts due from a non-controlling shareholder and Sino IC Leasing Co., Ltd. 芯鑫融資租賃有限責任公司 ("Sino IC Leasing") and receivables from agency services)

Management is of opinion that there is no significant increase in credit risk on these other receivables (including amounts due from a non-controlling shareholder and Sino IC Leasing and receivables from agency services) since initial recognition as the risk of default is low after considering the factors as set out in note 2.14 and, thus, ECL allowance recognised is based on 12-month ECL. As at 31 December 2025 and 2024, the ECL rate applied for these balances is insignificant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

#### 4.1 Financial risk management (Continued)

(b) *Credit risk (Continued)*

*Cash and cash equivalents*

The credit risks on cash and cash equivalents are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

(c) *Liquidity risk*

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages the liquidity risk through holding of sufficient cash and bank balances. The Group further mitigates the liquidity risk by maintaining cash reserve and utilising bank financing. The directors consider the Group is not exposed to significant liquidity risk.

## 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

### 4.1 Financial risk management (Continued)

(c) *Liquidity risk (Continued)*

The tables below analyse the Group's remaining contractual maturities for its financial liabilities as at 31 December 2025. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Within 1 year or on demand HK\$'000	1 to 5 years HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
<b>As at 31 December 2025</b>				
Trade and other payables	92,661	–	92,661	92,661
Bank and other borrowings	119,046	378,058	497,104	476,129
Lease liabilities	1,789	1,086	2,875	2,787
	<b>213,496</b>	<b>379,144</b>	<b>592,640</b>	<b>571,577</b>
<b>As at 31 December 2024</b>				
Trade and other payables	163,452	–	163,452	163,452
Bank and other borrowings	177,328	360,182	537,510	490,496
Lease liabilities	1,750	2,826	4,576	4,423
	<b>342,530</b>	<b>363,008</b>	<b>705,538</b>	<b>658,371</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

#### 4.2 Capital management

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

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the gearing ratio. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratio were as follows:

	2025 HK\$'000	2024 HK\$'000
Total liabilities	625,484	738,925
Total assets	830,023	923,846
Gearing ratio	75.36%	79.98%

## **4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)**

### **4.3 Fair value measurements of financial instruments**

The tables below analyse the Group's financial instruments carried at fair value as at 31 December 2025 and 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels are defined based on the observability and significance of inputs to the measurement:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs

Level 3: significant unobservable inputs for the asset or liability

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

#### 4.3 Fair value measurements of financial instruments (Continued)

(a) Financial instruments measured at fair value

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>As at 31 December 2025</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
- Listed equity securities	83	—	—	83
- Unlisted equity securities	—	—	38,081	38,081
	83	—	38,081	38,164
<b>As at 31 December 2024</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
- Listed equity securities	132	—	—	132
- Unlisted equity securities	—	—	24,317	24,317
	132	—	24,317	24,449

There were no transfers of unlisted equity securities from Level 2 to Level 3 during the year ended 31 December 2025 (2024: transfers of unlisted equity securities of HK\$11,835,000 from Level 2 to Level 3). There was no other transfer among Level 1, Level 2 and Level 3 during the years ended 31 December 2025 and 2024.

## 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

### 4.3 Fair value measurements of financial instruments (Continued)

(a) *Financial instruments measured at fair value (Continued)*

Unlisted equity securities (Level 3)

The fair value of unlisted equity securities categorised under Level 3 fair value hierarchy is set out below:

	2025	2024	Valuation technique	Significant unobservable input	Range (Weighted average)	
	HK\$'000	HK\$'000			2025	2024
<b>Unlisted equity securities</b>						
0.2134% equity interest in Sino IC Leasing (Shenzhen) Co., Ltd. 芯鑫融資租賃(深圳)有限責任公司 ("Sino IC Leasing Shenzhen")	3,278	3,437	Market approach	Price-to-book ratio	0.76 times	0.81 times
				Discount on lack of marketability	11.4%	11.4%
10% equity interest in 珠海芯試界半導體科技有限公司	34,803	20,880	Market approach	Enterprise value-to-sales ratio	12.4 times	11.4 times
				Discount on lack of marketability	15.6%	15.7%
	38,081	24,317				

The most significant inputs, all of which are unobservable, are price-to-book ratio, enterprise value-to-sales ratio and discount on lack of marketability. The estimated fair value increases if the price-to-book ratio and enterprise value-to-sales ratio increase and the discount on lack of marketability decreases, or vice versa. The valuation is sensitive to these assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for price-to-book ratio and enterprise value-to-sales ratio.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. FINANCIAL RISK MANAGEMENT, CAPITAL MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

#### 4.3 Fair value measurements of financial instruments (Continued)

(a) *Financial instruments measured at fair value (Continued)*

Unlisted equity securities (Level 3) (Continued)

The reconciliation of the carrying amount of the Group's unlisted equity securities classified under Level 3 of the fair value hierarchy is as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	24,317	4,453
Transfer from Level 2	—	11,835
Fair value gains recognised in profit or loss, net	13,112	8,029
Exchange difference	652	—
As at 31 December	38,081	24,317

(b) *Financial instruments that are not measured at fair value on a recurring basis*

As at 31 December 2025 and 2024, the carrying amounts of other financial assets and liabilities carried at amortised cost in the consolidated financial statements approximate their fair values.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 5. REVENUE

The Group's principal activities are disclosed in note 1 to the consolidated financial statements. The Group's revenue recognised during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Revenue from contracts with customers</b>		
Production and sales of industrial products	242,245	229,776
Sales of electricity	95,256	17,264
	<b>337,501</b>	<b>247,040</b>
<b>Timing of revenue recognition</b>		
At a point in time	<b>337,501</b>	<b>247,040</b>

### 6. SEGMENT INFORMATION

The CODM has identified the operating segments around differences in products and services as further described in note 2.4.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION (CONTINUED)

	Production and sales of industrial products HK\$'000	Energy Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Year ended 31 December 2025</b>				
<b>Reportable segment revenue</b>				
Revenue from external customers	242,245	95,256	–	337,501
Segment gross profit	106,014	25,691	–	131,705
Other income	22,511	4,269	2,552	29,332
Other gains, net	8,969	–	46	9,015
Distribution costs	(44,781)	–	–	(44,781)
Administrative expenses	(61,041)	(9,494)	(10,223)	(80,758)
Reversal of ECL allowance of trade and bills receivables	23	–	–	23
Finance income	543	7	272	822
Finance costs	(8,024)	(14,282)	(113)	(22,419)
Share of results of associates	–	–	(501)	(501)
Share of result of a joint venture	–	–	249	249
<b>Profit/(Loss) before income tax</b>	<b>24,214</b>	<b>6,191</b>	<b>(7,718)</b>	<b>22,687</b>
<b>Reportable segment profit/results</b>				
Depreciation and amortisation	6,628	39,185	1,910	47,723
Reversal of write-down of inventories	(124)	–	(198)	(322)
Impairment losses on property, plant and equipment	–	–	112	112
Impairment losses on intangible assets	–	–	170	170
Government grants	(2,566)	(8)	–	(2,574)
Unrealised losses on listed equity securities	49	–	–	49
Unrealised (gains)/losses on unlisted equity securities, net	(13,271)	–	159	(13,112)
Loss on fair value changes in investment properties	7,072	–	–	7,072
Loss on disposal of property, plant and equipment	98	–	–	98
Research and development expenses	20,286	–	–	20,286
Income tax expense	4,549	–	–	4,549

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION (CONTINUED)

	Production and sales of industrial products HK\$'000	Energy Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>As at 31 December 2025</b>				
<b>Reportable segment assets</b>	<b>436,479</b>	<b>356,006</b>	<b>37,538</b>	<b>830,023</b>
Interests in associates	—	—	2,893	2,893
Interest in a joint venture	—	—	10,918	10,918
Additions to non-current segment assets (other than financial instruments and deferred income tax assets) during the year	3,258	1,052	1	4,311
<b>Reportable segment liabilities</b>	<b>287,357</b>	<b>320,716</b>	<b>17,411</b>	<b>625,484</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION (CONTINUED)

	Production and sales of industrial products HK\$'000	Energy Business HK\$'000	Unallocated HK\$'000 (Re-presented)	Total HK\$'000 (Re-presented)
Year ended 31 December 2024				
<b>Reportable segment revenue</b>				
Revenue from external customers	229,776	17,264	–	247,040
Segment gross profit/(loss)	95,215	(33,830)	–	61,385
Other income	32,143	104	3,075	35,322
Other gains/(losses), net	5,047	–	(1,427)	3,620
Distribution costs	(39,386)	–	–	(39,386)
Administrative expenses	(68,513)	(7,773)	(21,582)	(97,868)
(Provision for)/Reversal of ECL allowance of trade and bills receivables	(39)	3	70	34
Finance income	726	7	741	1,474
Finance costs	(7,327)	(22,869)	2,796	(27,400)
Share of results of associates	–	–	(5,301)	(5,301)
Share of result of a joint venture	–	–	244	244
<b>Profit/(Loss) before income tax</b>	<b>17,866</b>	<b>(64,358)</b>	<b>(21,384)</b>	<b>(67,876)</b>
<b>Reportable segment profit/results</b>				
Depreciation and amortisation	6,030	39,335	8,556	53,921
Write-down of inventories	1,440	–	3,134	4,574
Impairment losses on property, plant and equipment	–	–	2,400	2,400
Impairment losses on intangible assets	–	–	878	878
Government grants	(6,492)	(7)	–	(6,499)
Unrealised gains on listed equity securities	(21)	–	–	(21)
Unrealised (gains)/losses on unlisted equity securities, net	(9,416)	–	976	(8,440)
Loss on fair value changes in investment properties	3,615	–	–	3,615
Loss on fair value changes in property, plant and equipment	311	–	–	311
Loss on disposal of property, plant and equipment	118	–	–	118
Gain on early termination of leases	–	(8)	–	(8)
Research and development expenses	21,934	–	–	21,934
Income tax expense	186	–	–	186

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION (CONTINUED)

	Production and sales of industrial products HK\$'000	Energy Business HK\$'000	Unallocated HK\$'000 (Re-presented)	Total HK\$'000 (Re-presented)
As at 31 December 2024				
<b>Reportable segment assets</b>	489,207	372,476	62,163	923,846
Interests in associates	–	–	3,394	3,394
Interest in a joint venture	–	–	10,458	10,458
Additions to non-current segment assets (other than financial instruments and deferred income tax assets) during the year	11,968	7,714	5,263	24,945
Assets classified as held for sale	–	–	6,434	6,434
<b>Reportable segment liabilities</b>	401,673	318,097	19,155	738,925

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION (CONTINUED)

The Group's revenue from external customers and its non-current assets (other than financial instruments and deferred income tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC, excluding Hong Kong	<b>328,594</b>	238,133	<b>401,617</b>	436,663
Hong Kong	<b>8,907</b>	8,907	<b>33,149</b>	36,405
	<b>337,501</b>	247,040	<b>434,766</b>	473,068

The geographical location of customers is based on the location at which the goods delivered or the services were provided. The geographical location of the non-current assets is based on the physical location of the assets.

The Group's customers who contributed more than 10% of the Group's total revenue for both current and prior year are set out below:

	2025	2024
	HK\$'000	HK\$'000
Energy Business Customer A	<b>94,290</b>	N/A*

\* This customer did not contribute over 10% of the Group's total revenue during the year ended 31 December 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 7. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Rental income from		
- investment properties (note 20(a))	12,844	19,295
- motor vehicle included in property, plant and equipment	541	666
- properties included in property, plant and equipment	—	97
- right-of-use assets	5,224	4,608
	18,609	24,666
Government grants (note (a))	2,574	6,499
Agency fee income	1,589	258
Consultancy fee income (note (b))	6,560	3,899
	29,332	35,322

Notes:

- (a) The government grants of HK\$2,574,000 (2024: HK\$6,499,000) related to grants from the PRC local government authority in respect of subsidising the Group's research and development activities, which either (i) immediately recognised as other income upon fulfilment of all the relevant granting criteria; or (ii) were recognised as deferred income (note 34) and was amortised.
- (b) Consultancy fee service was provided by the Group to the third parties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 8. OTHER GAINS, NET

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Exchange gains/(losses), net	1,646	(1,358)
Compensation income	1,412	201
Unrealised (losses)/gains on listed equity securities	(49)	21
Unrealised gains on unlisted equity securities, net	13,112	8,440
Loss on fair value changes in investment properties (note 20)	(7,072)	(3,615)
Loss on disposal of property, plant and equipment	(98)	(118)
Gain on early termination of leases	—	8
Others	64	41
	9,015	3,620

### 9. FINANCE COSTS, NET

	2025 HK\$'000	2024 HK\$'000
<b>Finance income</b>		
Interest income from bank deposits	822	1,474
<b>Finance costs</b>		
Interest expenses on bank borrowings	5,198	5,376
Interest expenses on other borrowings	17,057	21,849
Interest expenses on lease liabilities	153	175
Net interest expense on LSP obligations (note 36)	11	—
	22,419	27,400
<b>Finance costs, net</b>	<b>(21,597)</b>	<b>(25,926)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 10. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Current tax		
- PRC Enterprise Income Tax ("EIT")	2,316	848
- Over-provision in respect of prior years	(32)	(1,822)
	2,284	(974)
Deferred income tax (note 35)	2,265	1,160
Income tax expense	4,549	186

No provision for Hong Kong Profits Tax has been made as the Group did not derive any assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024.

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% (2024: 25%), except for Suneast Technology (Shenzhen) Co., Ltd. 日東智能裝備科技(深圳)有限公司 ("Suneast Technology"), which the preferential tax rate is 15% (2024: 15%) based on the relevant PRC tax laws and regulations.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, one of the Group's PRC subsidiaries engaging in research and development activities is entitled to claim 200% (2024: 200%) for the year ended 31 December 2025 of its research and development expenses so incurred as tax deductible expenses when determining its assessable profit for the year ended 31 December 2025 ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's PRC subsidiary in ascertaining its assessable profit for the years ended 31 December 2025 and 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 10. INCOME TAX EXPENSE (CONTINUED)

The Group is not subject to income tax in other tax jurisdictions during the years ended 31 December 2025 and 2024.

Reconciliation between tax expense and accounting profit/(loss) at appropriate tax rates is as follow:

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Profit/(Loss) before income tax	22,687	(67,876)
Tax on profit/(loss) before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	5,601	(16,780)
Tax effect of income not taxable for tax purposes	(2,337)	(369)
Tax effect of expense not deductible for tax purposes	3,476	4,565
Tax effect of share of results of associates	61	1,325
Tax effect of share of result of a joint venture	(62)	(61)
Tax effect of tax losses not recognised	3,055	19,536
Utilisation of tax losses previously not recognised	(2,651)	(724)
Super deduction on research and development expense	(2,562)	(5,484)
Over-provision in respect of prior years	(32)	(1,822)
Income tax expense	4,549	186

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 11. PROFIT/(LOSS) FOR THE YEAR

Profit/(Loss) for the year is arrived at after charging/(crediting):

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Auditor's remuneration	1,699	1,708
Amortisation of intangible assets (note 22)	2,566	2,570
Depreciation of property, plant and equipment (note 19)	42,850	42,081
Depreciation of right-of-use assets (note 21(a))	2,307	9,270
Write-down of inventories	99	4,574
Reversal of write-down of inventories	(421)	—
Impairment losses on property, plant and equipment	112	2,400
Impairment losses on intangible assets	170	878
Loss on fair value changes in property, plant and equipment (note 19)	—	311
Cost of inventories recognised as an expense (note (a))	134,309	134,561
Research and development expenses (note (b))	20,286	21,934
Short-term leases charges	2,581	3,350

Notes:

- (a) Cost of inventories recognised as an expense includes amortisation and depreciation expenses of HK\$84,000 (2024: HK\$74,000) and staff costs of HK\$10,668,000 (2024: HK\$11,044,000), which amounts are also included in the respective total amounts disclosed above and in note 15 respectively.
- (b) Research and development expenses include amortisation and depreciation expenses of HK\$373,000 (2024: HK\$386,000), short-term lease charges of HK\$519,000 (2024: HK\$521,000) and staff costs of HK\$17,211,000 (2024: HK\$18,747,000), which amounts are also included in the respective total amounts disclosed above and in note 15 respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 12. DISCONTINUED OPERATION

On 13 October 2023, the board of directors of a subsidiary, Sintech Intelligent Technology (Haining) Co., Ltd. 芯泰智能科技(海寧)有限公司 ("Sintech Haining") passed a resolution for the closure of Radar Business on 31 October 2023. The closure is consistent with the Group's long-term strategy to focus its operating activities in the production and sales of industrial products and its Energy Business.

During the year ended 31 December 2025, the Group ceased to classify the assets of Radar Business as "held for sale", the details of which are set out in note 28. This change arose due to delays in ongoing rectification process. As the directors of the Company do not expect the disposal of those assets of Radar Business will be completed within one year as at 31 December 2025. As a result, those assets were ceased to be classified as held for sale as at 31 December 2025.

In accordance with HKFRS 5, those assets classified as held for sale have been reclassified back to their respective categories in the consolidated statement of financial position as at 31 December 2025. Upon cessation of classification as held for sale, the Group remeasured the carrying amounts of those related assets. The resulting adjustments to depreciation of HK\$110,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2025. Besides, the results of operations of the Radar Business previously presented in discontinued operations in accordance with HKFRS5 shall be reclassified and included in profit or loss from continuing operations for all periods presented and the amounts for prior reporting periods shall be described as having been re-presented.

The reclassification has no material impact on the Group's results for both the current and prior reporting periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 13. EARNINGS/(LOSS) PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
<u>Profit/(Loss)</u>		
Earnings/(Loss) for the purpose of basic and diluted earnings/(loss) per share	19,197	(34,417)
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share (in thousands)	1,455,000	1,455,000
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company ("HK cents")		
Basic and diluted	1.32	(2.37)

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in issue during the years ended 31 December 2025 and 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. DIVIDENDS

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

### 15. EMPLOYEE BENEFIT EXPENSES

	2025 HK\$'000	2024 HK\$'000
Salaries, wages, allowances and other benefits	96,921	91,051
Retirement scheme contributions	6,020	5,482
Expenses arising from LSP obligations (note 36)	90	—
	<b>103,031</b>	96,533

As at 31 December 2025 and 2024, the Group had no forfeited contributions for the pension schemes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Salaries, allowances and benefits			Retirement scheme	Total
	Fees	in kind	contributions		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31 December 2025</b>					
<b>Executive directors</b>					
Mr. Yuan I-Pei	—	—	—	—	—
Mr. Xia Yuan (note (a))	—	—	—	—	—
<b>Non-executive directors</b>					
Mr. Meng Deqing	—	—	—	—	—
Ms. Bai Yu	—	—	—	—	—
<b>Independent non-executive directors</b>					
Mr. Wang Yanxin (note (b))	84	—	—	—	84
Mr. Cui Yuzhi	144	—	—	—	144
Mr. Bao Yi	144	—	—	—	144
Mr. Ping Fan	144	—	—	—	144
	<b>516</b>	—	—	—	<b>516</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Year ended 31 December 2024				
<b>Executive directors</b>				
Mr. Yuan I-Pei	—	—	—	—
Mr. Xia Yuan (note (a))	—	—	—	—
<b>Non-executive directors</b>				
Mr. Li Yongjun	—	—	—	—
Mr. Li Jinxian	—	—	—	—
Mr. Meng Deqing	—	—	—	—
Ms. Bai Yu	—	—	—	—
<b>Independent non-executive directors</b>				
Mr. Wang Yanxin	144	—	—	144
Mr. Cui Yuzhi	144	—	—	144
Mr. Bao Yi	144	—	—	144
Mr. Ping Fan	144	—	—	144
	576	—	—	576

Notes:

- (a) Mr. Xia Yuan is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.
- (b) Mr. Wang Yanxin resigned as an independent non-executive director of the Company on 1 August 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024.

There were no arrangements under which a director waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

### 17. FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

No director, whose emoluments are reflected in the analysis presented above, is the five highest paid individuals in the Group for the years ended 31 December 2025 and 2024. The emoluments payable to five (2024: five) highest paid individuals during the year ended 31 December 2025 are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, wages, allowances and other benefits	9,474	8,520
Retirement scheme contributions	360	284
	9,834	8,804

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands:		
Nil - HK\$1,000,000	1	1
HK\$1,000,001 - HK\$2,000,000	3	3
HK\$2,000,001 - HK\$3,000,000	1	1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE

#### (a) Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of company	Place of incorporation/ establishment and business	Type of legal entity	Particular of issued and paid up capital	Percentage of ownership held by the Company	Principal activity
Sun East Tech Development Limited	Hong Kong	Limited liability company	HK\$10,000	100% (2024: 100%)	Sales of industrial products
Sun East Electronic Equipment Company Limited	Hong Kong	Limited liability company	HK\$5,000,000	100% (2024: 100%)	Sales of industrial products
Xincheng Technology (Shaoxing) Co., Ltd. 芯成科技(紹興)有限公司	The PRC	Wholly foreign-owned enterprise	US\$3,000,000	100% (2024: 100%)	Provision for agency services
Suneast Technology	The PRC	Wholly foreign-owned enterprise	HK\$25,000,000	100% (2024: 100%)	Production and sales of industrial products
Sun East Electronic Development (Shenzhen) Co., Ltd. 日東電子發展(深圳)有限公司	The PRC	Wholly foreign-owned enterprise	HK\$81,000,000	100% (2024: 100%)	Production and sales of industrial products
Sintech Haining	The PRC	Limited liability company	RMB50,000,000	69% (2024: 69%)	Research & development and sales of advanced domestic radar hardware and integration of intelligent software

**18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)**

**(a) Subsidiaries (Continued)**

Name of company	Place of incorporation/ establishment and business	Type of legal entity	Particular of issued and paid up capital	Percentage of ownership held by the Company	Principal activity
Sino New Energy Utilisation (Hengqin) Technology Co., Ltd. 中鑫電聯(珠海橫琴)能源科技 有限公司("Sino New Energy")	The PRC	Limited liability company	RMB50,000,000	51% (2024: 51%)	Investment holding
Zhongxin Electric Union (Datong) Energy Technology Co., Ltd. 中鑫電聯(大同)能源科技有限公司	The PRC	Limited liability company	RMB10,000,000	51% (2024: 51%)	Sales of electricity and provision of electricity spot market transaction and auxiliary services

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year ended 31 December 2025 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries of the Company would, in the opinion of the directors, result in particulars of excessive length.

The subsidiaries of the Company shown in the above table are all indirectly held by the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

#### (a) Subsidiaries (Continued)

The Group includes two group of subsidiaries with material non-controlling interests, the details and the summarised financial information, before intragroup eliminations, are as follows:

##### *Sintech Haining and its subsidiary*

	2025 HK\$'000	2024 HK\$'000
Proportion of ownership interests and voting rights held by the Group	69%	69%
Current assets	4,772	7,120
Non-current assets	2,859	–
Current liabilities	4,616	4,216
Net assets	3,015	2,904
Carrying amount of non-controlling interests	935	901
Revenue	–	–
Total expenses	(612)	(6,812)
Loss for the year	(612)	(6,812)
Other comprehensive income/(expense) for the year	723	(674)
Total comprehensive income/(expense) for the year	111	(7,486)
Loss for the year attributable to non-controlling interests	(190)	(2,112)
Total comprehensive income/(expense) attributable to non-controlling interests	34	(2,320)
Net cash flows (used in)/from operating activities	(2)	97
Net cash flows used in financing activities	–	(105)
Net decrease in cash and cash equivalents	(2)	(8)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

#### (a) Subsidiaries (Continued)

*Sino New Energy and its subsidiaries*

	2025 HK\$'000	2024 HK\$'000
Proportion of ownership interests and voting rights held by the Group	51%	51%
Current assets	63,164	48,589
Non-current assets	292,842	323,887
Current liabilities	216,032	225,238
Non-current liabilities	229,975	233,170
Net liabilities	(90,001)	(85,932)
Carrying amount of non-controlling interests	(44,100)	(42,106)
Revenue	95,256	17,264
Total expenses	(97,029)	(81,622)
Loss for the year	(1,773)	(64,358)
Other comprehensive (expense)/income for the year	(2,296)	1,668
Total comprehensive expense for the year	(4,069)	(62,690)
Loss for the year attributable to non-controlling interests	(869)	(31,533)
Total comprehensive expense attributable to non-controlling interests	(1,994)	(30,717)
Net cash flows from operating activities	11,550	20,663
Net cash flows used in investing activities	(786)	(2,481)
Net cash flows used in financing activities	(13,665)	(18,443)
Net decrease in cash and cash equivalents	(2,901)	(261)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

#### (b) Interests in associates

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	3,394	8,363
Share of results of associates	(501)	(5,301)
Exchange differences	—	332
At the end of the year	2,893	3,394

The following list contains the particular of the associates of the Group, all of which are unlisted corporate entities whose quoted market prices are not available.

Name of associate	Type of legal entity	Place of incorporation and business	Particular of issued and paid up capital	Ownership interest held	Principal activity
Sino IC Capital Limited ("Sino IC Capital")	Limited liability company	BVI	US\$76,500	33% (2024: 33%)	Investment holding
SIC Capital KK	Limited liability company	Japan	Japanese Yen ("JPY") 275,000,000	20% (2024: 20%)	Investment holding

**18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)**

**(b) Interests in associates (Continued)**

Set out below are the summarised financial information of Sino IC Capital which are accounted for using the equity method.

	2025 HK\$'000	2024 HK\$'000
Current assets	3,690	1,757
Non-current assets	7,000	7,000
Current liabilities	1,923	738
Net assets	8,767	8,019
Revenue	4,454	5,283
Total expenses	(3,706)	(9,143)
Net profit/(loss)	748	(3,860)

A reconciliation of the above summarised financial information to the carrying amount of the interest in Sino IC Capital is set out below:

	2025 HK\$'000	2024 HK\$'000
Net assets	8,767	8,019
Proportion of ownership interests held by the Group	33%	33%
Carrying amount of the interest in Sino IC Capital	2,893	2,646

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

#### (b) Interests in associates (Continued)

Set out below are the summarised financial information of SIC Capital KK which are accounted for using the equity method.

	2025 HK\$'000	2024 HK\$'000
Current assets	34,910	35,497
Non-current assets	82,991	95,430
Current liabilities	2,137	13,366
Non-current liabilities	140,337	123,476
Net liabilities	(24,573)	(5,915)
Revenue	—	—
Total expenses	(14,185)	(20,135)
Net loss	(14,185)	(20,135)

A reconciliation of the above summarised financial information to the carrying amount of the interest in SIC Capital KK is set out below:

	2025 HK\$'000	2024 HK\$'000
Net liabilities	(24,573)	(5,915)
Proportion of ownership interests held by the Group	20%	20%
Share of net liabilities of SIC Capital KK	(1,931)	(1,183)
Goodwill	1,931	1,931
Carrying amount of the interest in SIC Capital KK	—	748

The Group has not incurred any contingent liabilities or other commitments relating to its interests in associates (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

#### (c) Interest in a joint venture

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	10,458	10,402
Share of result of a joint venture	249	244
Exchange differences	211	(188)
At the end of the year	10,918	10,458

The following list contains the particular of the joint venture of the Group, which is an unlisted corporate entity whose quoted market price is not available.

Company name	Type of legal entity	Place of establishment and business	Particular of paid up capital	Ownership interest held	Principal activity
Huxin Industrial	Limited liability company	The PRC	RMB23,665,000	29.58% (2024: 29.58%) (note)	Provision of property and management services

Note: The Group classified the interest in Huxin Industrial as joint venture because unanimous consents in the board of directors' meeting and shareholders' meeting are required in accordance with the Agreement and the Articles of Association of Huxin Industrial, and therefore, all shareholders shared the control.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

#### (c) Interest in a joint venture (Continued)

Set out below are the summarised financial information of Huxin Industrial which are accounted for using the equity method.

	2025 HK\$'000	2024 HK\$'000
Current assets		
– Cash and cash equivalents	25,621	22,505
– Other current assets	7,407	9,097
Non-current assets	5,641	7,695
Current liabilities		
– Financial liabilities (excluding trade payable)	1,759	994
– Other current liabilities	818	3,192
Non-current liabilities	256	831
Net assets	35,836	34,280
Revenue	18,974	19,603
Interest income	162	249
Interest expense	(27)	(54)
Other expenses	(18,192)	(18,938)
Profit before income tax	917	860
Income tax expense	(75)	(35)
Profit for the year	842	825

**18. SUBSIDIARIES, INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)**

**(c) Interest in a joint venture (Continued)**

A reconciliation of the above summarised financial information to the carrying amount of the interest in Huxin Industrial is set out below:

	2025 HK\$'000	2024 HK\$'000
Net assets	35,836	34,280
Proportion of ownership interests held by the Group	29.58%	29.58%
Share of net assets of Huxin Industrial	10,600	10,140
Goodwill	318	318
Carrying amount of the interest in Huxin Industrial	10,918	10,458

The Group has not incurred any contingent liabilities or other commitments relating to its interest in a joint venture (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 19. PROPERTY, PLANT AND EQUIPMENT

	Properties HK\$'000	Machinery and equipment HK\$'000	Furniture, fixtures and property decoration HK\$'000	Computer software HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>As at 1 January 2024</b>							
Cost	118,079	380,209	44,883	1,473	6,705	95	551,444
Accumulated depreciation	(35,299)	(60,511)	(31,807)	(830)	(4,068)	–	(132,515)
Net book amount	82,780	319,698	13,076	643	2,637	95	418,929
<b>Year ended 31 December 2024</b>							
Opening net book amount	82,780	319,698	13,076	643	2,637	95	418,929
Additions	1,552	45	3,549	–	–	397	5,543
Disposals	–	(114)	(8)	–	(600)	–	(722)
Transfer in/(out)	492	–	–	–	–	(492)	–
Fair value loss	(311)	–	–	–	–	–	(311)
Transfer to investment properties	(9,390)	–	–	–	–	–	(9,390)
Depreciation	(3,677)	(35,574)	(2,379)	(107)	(344)	–	(42,081)
Exchange differences	1,450	(8,067)	(47)	(25)	(909)	–	(7,598)
Closing net book amount	72,896	275,988	14,191	511	784	–	364,370
<b>As at 31 December 2024 and 1 January 2025</b>							
Cost	184,561	354,477	27,741	1,335	4,430	–	572,544
Accumulated depreciation	(111,665)	(78,489)	(13,550)	(824)	(3,646)	–	(208,174)
Net book amount	72,896	275,988	14,191	511	784	–	364,370
<b>Year ended 31 December 2025</b>							
Opening net book amount	72,896	275,988	14,191	511	784	–	364,370
Addition	3	925	2,968	–	5	154	4,055
Disposals	–	(13)	(113)	–	–	–	(126)
Depreciation	(4,050)	(35,505)	(3,085)	(121)	(89)	–	(42,850)
Reclass from assets held for sale	–	2,011	116	–	–	–	2,127
Impairment losses	–	(102)	(10)	–	–	–	(112)
Exchange differences	1,597	6,067	305	11	9	2	7,991
Closing net book amount	70,446	249,371	14,372	401	709	156	335,455
<b>As at 31 December 2025</b>							
Cost	186,786	369,482	30,908	1,367	4,458	156	593,157
Accumulated depreciation	(116,340)	(112,482)	(16,458)	(966)	(3,749)	–	(249,995)
Accumulated impairment	–	(7,629)	(78)	–	–	–	(7,707)
Closing net book amount	70,446	249,371	14,372	401	709	156	335,455

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2025, the Group's bank and other borrowings were secured by the Group's properties and machinery and equipment included in property, plant and equipment with carrying amount of HK\$15,553,000 (2024: HK\$30,847,000) and HK\$245,172,000 (2024: HK\$274,221,000), respectively. Details of the secured bank and other borrowings are set out in note 33.

Notes:

- (a) During the year ended 31 December 2024, the Group entered into an arrangement to lease a motor vehicle to CFGI Holdings Limited ("CFGI"). The Group could request for termination anytime upon serving notice to CFGI. The Group considered that the lease arrangement is an operating lease and the movement of the motor vehicle is detailed as below:

	Motor vehicle	
	2025 HK\$'000	2024 HK\$'000
<b>As at 1 January</b>		
Cost	722	722
Accumulated depreciation	(650)	(596)
Net book amount	72	126
<b>Year ended 31 December</b>		
Opening net book amount	72	126
Depreciation	(54)	(54)
Closing net book amount	18	72
<b>As at 31 December</b>		
Cost	722	722
Accumulated depreciation	(704)	(650)
Closing net book amount	18	72

- (b) In 2022, the Group entered into certain sale and leaseback arrangements with Sino IC Leasing in relation to the machinery leases with an aggregate carrying amount of RMB320,638,000 (equivalent to HK\$358,826,000), while the Group has the right to acquire the machinery at an aggregate nominal consideration of RMB3,000 (equivalent to HK\$3,000), at the end of the lease period.

These legal transfers do not satisfy the requirements of HKFRS 15 to be accounted for as a sale of machinery and thus, in accordance with HKFRS 16, at the inception, the leased machinery with an aggregate carrying amount of RMB320,638,000 (equivalent to HK\$358,826,000) had been recognised while related liabilities of RMB286,729,000 (equivalent to HK\$320,878,000) had been recognised as other borrowings (note 33).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 20. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	57,187	52,079
Transfer from property, plant and equipment (note 19)	—	9,390
Loss on fair value changes (note 8)	(7,072)	(3,615)
Exchange differences	668	(667)
At the end of the year	50,783	57,187

The fair value of such properties at the date of transfer was determined by an independent qualified professional valuer, RHL Appraisal Limited ("RHL"), who have recent experience in the locations and categories of properties being valued.

As at 31 December 2025, the Group's bank borrowings were secured by the Group's investment properties with carrying amount of HK\$38,693,000 (2024: HK\$47,827,000). Details of the secured bank borrowings are set out in note 33.

#### (a) The amount of rental income from investment properties recognised in profit or loss

	2025 HK\$'000	2024 HK\$'000
Rental income	12,844	19,295

No outgoing expense in respect of investment properties has been incurred during the years ended 31 December 2025 and 2024.

**20. INVESTMENT PROPERTIES (CONTINUED)**

**(b) Fair value measurement of investment properties**

The investment properties are revalued on 31 December 2025 and 2024 by an independent qualified professional valuer, RHL, who have recent experience in the locations and categories of properties being valued. The Group's finance team performs valuations of the investment properties for financial reporting purposes in consultation of the independent qualified professional valuer for complex valuations. Valuation techniques are selected based on the characteristics of each property, with the overall objective of maximising the use of market-based information. The Group's finance team reports directly to the chief financial officer and the Audit Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at the end of each reporting period.

Set out below are information about the fair value of the investment properties categorised under Level 3 fair value hierarchy:

	2025	2024	Valuation technique	Significant unobservable input	Range (Weighted average)	
	HK\$'000	HK\$'000			2025	2024
Factory and dormitory in the PRC	42,683	47,827	Income approach	Rental yield	7.00%	7.00%
Hong Kong properties	8,100	9,360	Market approach	Adjustment factor on time, age, floor and size	11.18%	11.13%

An increase/(decrease) in the estimated rental income and adjustment factor would result in the same level of increase/(decrease) in the fair value of the investment properties.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

There were no transfers between fair value hierarchy during the years ended 31 December 2025 and 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 21. LEASES

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

	Leasehold land HK\$'000 (note (i))	Buildings HK\$'000	Total HK\$'000
As at 1 January 2024	14,058	9,283	23,341
Additions	5,765	4,247	10,012
Early termination	—	(509)	(509)
Depreciation	(517)	(8,753)	(9,270)
Exchange differences	(352)	(15)	(367)
As at 31 December 2024 and 1 January 2025	18,954	4,253	23,207
Additions	—	256	256
Depreciation	(541)	(1,766)	(2,307)
Exchange differences	440	15	455
As at 31 December 2025	18,853	2,758	21,611

Notes:

- (i) As at 31 December 2025, leasehold land under right-of-use assets of HK\$18,853,000 (2024: HK\$18,954,000) represents the land use rights located in the PRC.
- (ii) As at 31 December 2025, the Group's bank borrowings were secured by the Group's right-of-use assets with carrying amount of HK\$11,966,000 (2024: Nil). Details of the secured bank borrowings are set out in note 33.

**21. LEASES (CONTINUED)**

**(b) Lease liabilities**

The following tables show the remaining contractual maturities of the Group's lease liabilities:

	2025 HK\$'000	2024 HK\$'000
Total minimum lease payments:		
– Due within one year	1,789	1,750
– Due in second to fifth years	1,086	2,826
	2,875	4,576
Less: future finance charges on lease liabilities	(88)	(153)
Present value of lease liabilities	2,787	4,423
Present value of minimum lease payments:		
– Due within one year	1,718	1,631
– Due in second to fifth years	1,069	2,792
	2,787	4,423
Less: portion due within one year included under current liabilities	(1,718)	(1,631)
Portion due after one year included under non-current liabilities	1,069	2,792

As at 31 December 2025, lease liabilities amounted to HK\$2,787,000 (2024: HK\$4,423,000) are effectively secured by the related underlying assets as the rights to the leased assets would be reverted to the lessors in the event of default by repayment by the Group.

During the year ended 31 December 2025, the total cash outflows arising from the leases were HK\$4,621,000 (2024: HK\$12,481,000).

Details of the lease maturity analysis of the lease liabilities are set out in note 4.1(c).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 21. LEASES (CONTINUED)

#### (b) Lease liabilities (Continued)

*Details of lease activities*

As at 31 December 2025 and 2024, the Group has entered into leases for office premises and staff quarter.

Type of right-of-use asset	Consolidated financial statements		Range of remaining lease term	Number of lease with extension option	Number of lease with termination option
	item of right-of-use asset included in	Number of lease			
<b>As at 31 December 2025</b>					
Land for factory and staff quarter	<b>Leasehold land</b>	<b>12</b>	<b>25 – 48 years</b>	–	–
Office premises	<b>Buildings</b>	<b>4</b>	<b>1 – 2 years</b>	<b>4</b>	<b>4</b>
<b>As at 31 December 2024</b>					
Land for factory and staff quarter	Leasehold land	11	25 – 48 years	–	–
Office premises	Buildings	3	1 – 3 years	3	3

The Group considered no extension or termination option would be exercised at the lease commencement date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 22. INTANGIBLE ASSETS

	Development costs HK\$'000
As at 1 January 2024	
Cost	21,727
Accumulated amortisation	(4,418)
Net book amount	17,309
Year ended 31 December 2024	
Opening net book amount	17,309
Amortisation	(2,570)
Exchange differences	(287)
Closing net book amount	14,452
As at 31 December 2024 and 1 January 2025	
Cost	21,727
Accumulated amortisation	(7,275)
Net book amount	14,452
<b>Year ended 31 December 2025</b>	
Opening net book amount	14,452
Reclass from assets held for sale	1,062
Amortisation	(2,566)
Impairment losses	(170)
Exchange differences	328
Closing net book amount	13,106
<b>As at 31 December 2025</b>	
Cost	29,427
Accumulated amortisation	(14,545)
Accumulated impairment	(1,776)
Closing net book amount	13,106

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 23. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	9,163	9,885
Work in progress	2,277	3,853
Finished goods	10,413	8,009
	<b>21,853</b>	<b>21,747</b>

The movement in provision for inventories is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	1,531	1,099
Reclass from assets held for sale	9,096	—
Write-down	99	1,440
Reversal of write-down	(421)	—
Write-off	(414)	(979)
Exchange differences	238	(29)
At the end of the year	<b>10,129</b>	<b>1,531</b>

During the year ended 31 December 2025, write-down of inventories of HK\$99,000 (2024: HK\$4,574,000, re-presented) was recognised in administrative expenses, and which was due to the long aged unsold inventories.

During the year ended 31 December 2025, reversal of write-down of inventories of HK\$421,000 (2024: Nil) was recognised upon disposal of inventories as scrap and included in administrative expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 24. FINANCIAL INSTRUMENTS BY CATEGORY

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost		
- Trade and other receivables	112,866	162,214
- Cash and cash equivalents	207,120	205,301
Financial assets at FVTPL		
- Listed equity securities	83	132
- Unlisted equity securities	38,081	24,317
	<b>358,150</b>	<b>391,964</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
- Trade and other payables	92,661	163,452
- Bank and other borrowings	476,129	490,496
- Lease liabilities	2,787	4,423
	<b>571,577</b>	<b>658,371</b>

### 25. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
<b>Current</b>		
Listed equity securities - Hong Kong	83	132
<b>Non-current</b>		
Unlisted equity securities - the PRC	38,081	24,317
	<b>38,164</b>	<b>24,449</b>

The fair value of the Group's investments in listed and unlisted equity securities has been measured as described in note 4.3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 26. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
<b>Non-current</b>		
Deposits	641	1,047
<b>Current</b>		
Trade receivables	75,602	61,748
Bills receivable	7,695	10,388
Trade and bills receivables, gross	83,297	72,136
Less: ECL allowance	(792)	(769)
Trade and bills receivables, net	82,505	71,367
Prepayments	5,311	1,329
Tax reserve certificate	—	1,807
Amount due from a non-controlling shareholder (note)	25,180	25,180
Receivables from agency services	—	63,718
Deposits and other receivables	4,540	902
Other tax recoverable	8,409	24,532
	<b>125,945</b>	<b>188,835</b>
	<b>126,586</b>	<b>189,882</b>

Note: The amounts as at 31 December 2025 and 2024 represented the un-paid capital contribution from 2 (2024: 2) non-controlling shareholders for the establishment of a non-wholly-owned subsidiary of the Group, which are unsecured, interest-free and repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 26. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group allows an average credit period of 30 - 90 (2024: 30 - 90) days to its customers, except for certain trade receivables are on acceptance bills or documents against payment. Based on the invoice dates (or date of revenue recognition if earlier), the ageing analysis of the trade and bills receivables is as follows:

	2025 HK\$'000	2024 HK\$'000
0 - 90 days	45,789	58,476
91 - 180 days	18,252	11,779
Over 180 days	19,256	1,881
	<b>83,297</b>	<b>72,136</b>

The movement in the Group's ECL allowance on trade and bills receivables is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	769	3,085
(Reversal of)/Provision for ECL allowance	(23)	36
Write-off	(2)	(2,292)
Exchange differences	48	(60)
At the end of the year	<b>792</b>	<b>769</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash at banks and on hand	205,128	203,311
Cash balances deposited in securities brokers	1,992	1,990
	<b>207,120</b>	<b>205,301</b>

Included in cash and cash equivalents of the Group was HK\$174,702,000 (2024: HK\$166,210,000) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

### 28. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2024, the Group is seeking to dispose certain assets of the Radar Business, certain equipment, intangible assets and inventories of the Radar Business amounted to HK\$2,127,000, HK\$1,062,000 and HK\$3,245,000, respectively are classified as "Assets classified as held for sale" as at 31 December 2024.

During the year ended 31 December 2025, the Group ceased to classify the assets of Radar Business as held for sale. This change arose due to delays in ongoing rectification process. As the directors of the Company do not expect the disposal of those assets of Radar Business will be completed within one year as at 31 December 2025. As a result, those assets were ceased to be classified as held for sale as at 31 December 2025.

In accordance with HKFRS 5, those assets classified as held for sale have been reclassified back to their respective categories in the consolidated statement of financial position as at 31 December 2025. Upon cessation of classification as held for sale, the Group remeasured the carrying amounts of those related assets. The resulting adjustments to depreciation of HK\$110,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2025.

The reclassification has no material impact on the Group's results for both the current and prior reporting periods.

**28. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)****Fair value measurement**

In 2024, the Group's finance team performs valuations of certain assets that are reclassified to assets held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", in consultation of the independent qualified professional valuer for complex valuations on the date of reclassification. Valuation techniques are selected based on the characteristics of each asset, with the overall objective of maximising the use of market-based information. The Group's finance team reports directly to the chief financial officer and the Audit Committee. Valuation processes and impairment losses are discussed among the Audit Committee and the valuation team at the date of reclassification.

As at 31 December 2025, the fair values of equipment, intangible assets and inventories were determined by an independent qualified professional valuer, 深圳市國資源土地房地產資產評估有限公司, who has recent experience in the locations and categories of non-financial assets being valued.

The Group further assessed the need for change of valuation technique given the uncertain economic environment and considering whether a lack of observable information existed for factors relevant to the value of certain assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 28. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

#### Fair value measurement (Continued)

Set out below is the information about the fair values of equipment, intangible assets and inventories categorised under Level 3 fair value hierarchy:

	Fair value HK\$'000	Valuation technique	Significant unobservable input	Range (Weighted average)
<b>As at 31 December 2025 (Date of reclassification)</b>				
Equipment	<b>2,034</b>	Cost approach	Replacement cost	<b>RMB4,938,300</b>
			Residue ratio	<b>31% - 92%</b>
Intangible assets	<b>907</b>	Cost approach	Expected useful life	<b>10 - 50 years</b>
Inventories	<b>3,220</b>	Cost approach	Replacement cost	<b>RMB9,709,200</b>
			Adjustment factor	<b>0.3</b>
<b>As at 31 December 2024</b>				
Equipment	2,127	Cost approach	Replacement cost	RMB4,880,000
			Residue ratio	48% - 80%
Intangible assets	1,062	Cost approach	Expected useful life	10 - 50 years
Inventories	3,245	Cost approach	Replacement cost	RMB10,025,000
			Adjustment factor	0.3

**28. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)****Fair value measurement (Continued)**

The most significant inputs, all of which are unobservable, are replacement cost and residue ratio for equipment, expected useful life for intangible assets and replacement cost and adjustment factor for inventories. The estimated fair value of equipment increases if the replacement cost and residue ratio increase, or vice versa. The estimated fair value of intangible assets increases if the expected useful life increases, or vice versa. The estimated fair value of inventories increases if the replacement cost and adjustment factor increase, or vice versa. The valuations are sensitive to these assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for replacement cost for equipment and inventories.

In estimating the fair values of the equipment and intangible assets, the highest and best use of the assets is their fair value less cost of disposal.

As at 31 December 2025, the carrying amounts of property, plant and equipment, inventories and intangible assets were HK\$335,455,000 (2024: HK\$364,370,000), HK\$21,853,000 (2024: HK\$21,747,000) and HK\$13,106,000 (2024: HK\$14,452,000), respectively. Impairment losses of HK\$112,000 (2024: HK\$2,400,000) and HK\$170,000 (2024: HK\$878,000) for property, plant and equipment and intangible assets, respectively and net reversal of write-down of inventories of HK\$322,000 (2024: write-down of inventories of HK\$4,574,000) were recognised in profit or loss during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 29. SHARE CAPITAL

	Number of share	HK\$'000
<b>Authorised:</b>		
<i>Ordinary shares of HK\$0.1 each</i>		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>2,000,000,000</b>	<b>200,000</b>
<b>Issued and full paid:</b>		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>1,455,000,000</b>	<b>145,500</b>

The share capital of the Company comprises of fully paid ordinary shares. All fully paid ordinary shares are equally eligible to receive dividends and to the repayment of capital and represent one vote at shareholders' meetings of the Company.

### 30. OTHER RESERVES

	Contributed surplus HK\$'000	Statutory reserve HK\$'000	Asset revaluation reserve HK\$'000	Long service payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Total HK\$'000
As at 1 January 2024	4,800	11,829	12,184	–	4,859	33,672
Exchange differences on translation of foreign operations	–	–	–	–	(1,202)	(1,202)
As at 31 December 2024 and 1 January 2025	<b>4,800</b>	<b>11,829</b>	<b>12,184</b>	<b>–</b>	<b>3,657</b>	<b>32,470</b>
Actuarial losses on long service payment	–	–	–	(28)	–	(28)
Exchange differences on translation of foreign operations	–	–	–	–	2,409	2,409
As at 31 December 2025	<b>4,800</b>	<b>11,829</b>	<b>12,184</b>	<b>(28)</b>	<b>6,066</b>	<b>34,851</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 31. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	37,268	49,634
Salaries payables	32,812	30,153
Other taxes payables	15,977	13,803
Payables to suppliers upon agency services	17,720	62,718
Payable to suppliers upon machinery leases (note)	—	7,913
Payables to suppliers for construction in progress	—	10,186
Accruals and other payables	4,861	2,848
	<b>108,638</b>	<b>177,255</b>

Note: The balance represented the unpaid portion arises from purchase of machinery under financing arrangement as at 31 December 2024.

The Group was granted by its suppliers' credit periods ranging from 30 - 60 (2024: 30 - 60) days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	2025 HK\$'000	2024 HK\$'000
0 - 90 days	32,973	43,702
91 - 120 days	148	253
Over 120 days	4,147	5,679
	<b>37,268</b>	<b>49,634</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 32. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Receipts in advance from customers	24,439	53,568

Receiving a deposit of 20% (2024: 20%) before the delivery of the goods in sales of industrial products will give rise to contract liabilities at the commencement of a contract until the revenue recognised at the satisfaction of the performance obligation by the Group.

The decrease of contract liabilities as at 31 December 2025 is mainly due to the decrease in the deposits received as a result of less manufacturing orders received from customers near the year ended 31 December 2025.

Contract liabilities outstanding at the beginning of the year amounted to HK\$53,568,000 (2024: HK\$7,563,000) have been recognised as revenue during the year. The carrying amount of contract liabilities amounted to HK\$24,439,000 (2024: HK\$53,568,000) as at 31 December 2025 is expected to be recognised as revenue within one year.

The manufacturing contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 33. BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
<b>Non-current</b>		
Secured bank borrowings	107,984	53,587
Guaranteed bank borrowings	32,502	–
Secured other borrowings	229,975	281,214
	<b>370,461</b>	334,801
<b>Current</b>		
Secured bank borrowings	15,013	86,684
Guaranteed bank borrowings	11,719	–
Secured other borrowings	78,936	69,011
	<b>105,668</b>	155,695
	<b>476,129</b>	490,496
Carrying amount repayable, based on the scheduled repayment dates set out in the loan agreements		
– Within one year	105,668	155,695
– In the second to fifth years	370,461	334,801
	<b>476,129</b>	490,496
Less: amount due within one year	<b>(105,668)</b>	(155,695)
Carrying amount shown under non-current liabilities	<b>370,461</b>	334,801

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 33. BANK AND OTHER BORROWINGS (CONTINUED)

As at 31 December 2025, the secured bank borrowings carried interest rates ranged from 0.90% under LPR to 0.55% over LPR (2024: 0.35% to 0.55% over LPR) for one-year loan, which the interest rates will be renewed at every 12 months from the drawdown of the secured bank borrowings. Such bank borrowings were secured by the Group's properties included in property, plant and equipment (note 19), investment properties (note 20) and right-of-use assets (note 21(a)) with an aggregate carrying amount of HK\$66,212,000 (2024: HK\$78,674,000).

As at 31 December 2025, the secured other borrowings carried interest rate at LPR for one-year loan, which the interest rate will be adjusted every three months from the financing arrangement period. Such other borrowings were secured by the Group's machinery and equipment included in property, plant and equipment (note 19) with carrying amount of HK\$245,172,000 (2024: HK\$274,221,000).

As at 31 December 2025, the guaranteed bank borrowings carried interest rates ranged from 0.05% and 0.25% under LPR for one-year loan, which the interest rates will be renewed at every 6 months from the drawdown of the guaranteed bank borrowings. Such borrowings were guaranteed through joint and several liability guarantee by Sun East Electronic Development (Shenzhen) Co., Ltd., a subsidiary of the Company.

### 34. DEFERRED INCOME

Deferred income represented the government grants received for the research and development project. The amount is amortised and transferred to other income (note 7) over the useful lives of the machinery and equipment purchased under such project.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 35. DEFERRED INCOME TAX

	2025 HK\$'000	2024 HK\$'000
Deferred income tax assets	1,285	2,965
Deferred income tax liabilities	(12,744)	(11,922)
	(11,459)	(8,957)

The followings are the deferred income tax assets/(liabilities) recognised and movements thereon during the year:

	Financial assets at		Investment properties		Total HK\$'000
	Tax losses HK\$'000	FVTPL HK\$'000	Properties HK\$'000	properties HK\$'000	
As at 1 January 2024	3,645	–	(7,916)	(3,492)	(7,763)
Charged to profit or loss (note 10)	(621)	(1,435)	–	896	(1,160)
Exchange differences	(59)	22	150	(147)	(34)
As at 31 December 2024 and 1 January 2025	2,965	(1,413)	(7,766)	(2,743)	(8,957)
Charged to profit or loss (note 10)	(1,727)	(1,991)	–	1,453	(2,265)
Exchange differences	47	(58)	(181)	(45)	(237)
As at 31 December 2025	1,285	(3,462)	(7,947)	(1,335)	(11,459)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 35. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profit is probable. As at 31 December 2025, the Group has not recognised deferred income tax assets of HK\$133,425,000 (2024: HK\$138,665,000) in respect of tax losses of HK\$655,963,000 (2024: HK\$686,123,000). Among the tax losses not recognised, tax losses of HK\$521,929,000 (2024: HK\$549,921,000) do not expire under current legislation. The remaining tax losses of HK\$134,034,000 (2024: HK\$136,202,000) will be expired in the following years:

	2025 HK\$'000	2024 HK\$'000
Year		
2027	—	10,620
2028	4,114	63,011
2029	62,571	62,571
2030	63,876	—
2031	3,473	—
	<b>134,034</b>	136,202

As at 31 December 2025, deferred income tax liabilities in respect of undistributed earnings of certain subsidiaries have not been recognised because the Company is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

**36. LSP OBLIGATIONS**

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme (see note 15), with an overall cap of HK\$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance took effect on the 1 May 2025 (the "Transition Date"). Separately, the Government implemented a scheme to subsidise a portion of the post-transition LSP payable by an employer up to a certain amount per employee per year for a period of 25 years after the Transition Date (the "LSP Subsidy").

Among other things, upon the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK\$390,000 per employee. If an employee's total benefit payment exceeds HK\$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 2.23 to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 36. LSP OBLIGATIONS (CONTINUED)

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP obligations with respect to Hong Kong employees.

The Group was not entitled to any LSP Subsidy during the year ended 31 December 2025.

The present value of unfunded LSP obligations and its movements are as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	308	308
Remeasurements recognised in other comprehensive income:		
– Actuarial losses arising from changes in financial assumption	28	–
Expenses recognised in profit or loss:		
– Current service cost	90	–
– Interest cost (note 9)	11	–
As at 31 December	437	308

The current service cost, past service cost and interest cost are included in employee benefit expenses. They are recognised in the following line items in the consolidated statement of comprehensive income:

	2025 HK\$'000	2024 HK\$'000
Finance costs (note 9)	11	–
Administrative expenses	90	–
	101	–

**36. LSP OBLIGATIONS (CONTINUED)**

*Estimates and assumptions*

The significant actuarial assumptions for the determination of LSP obligations are as follows:

	2025	2024
Discount rate	3.65%	4.1%
Salary growth rate	0%	1%
Turnover rate	0%	0%
Expected investment return on offsetable MPF accrued benefits	1.8%	1.8%

These assumptions were developed by management. Discount factors are determined close to each period-end by reference to market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related LSP obligations. Other assumptions are based on current actuarial benchmarks and management’s historical experience.

The present value of the LSP obligations was measured using the projected unit credit method.

The weighted average duration of the LSP obligations is 19 years (2024: 19 years).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 36. LSP OBLIGATIONS (CONTINUED)

*Estimates and assumptions (Continued)*

Expected maturity analysis of undiscounted LSP obligations in the next 36 years (2024: 34 years) is disclosed as follows:

	Within 1 year HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>As at 31 December 2025</b>					
LSP obligations	—	22	—	4,059	4,081
<b>As at 31 December 2024</b>					
LSP obligations	—	23	—	3,670	3,693

The LSP obligations expose the Group to actuarial risks such as interest rate risk, salary risk and the investment risk of the Group's MPF scheme's constituent funds.

**36. LSP OBLIGATIONS (CONTINUED)**

*Changes in the significant actuarial assumptions*

The calculation of the LSP obligations is sensitive to the significant actuarial assumptions mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the LSP obligations at the end of each reporting periods.

	Changes in assumption	Impact on LSP obligations	
		Increase in the assumption HK\$'000	Decrease in the assumption HK\$'000
<b>As at 31 December 2025</b>			
Discount rate	5%	(12)	12
Salary growth rate	N/A	N/A	N/A
Turnover rate	N/A	N/A	N/A
Expected investment return on offsetable MPF accrued benefits	5%	—*	—*
<b>As at 31 December 2024</b>			
Discount rate	5%	(10)	10
Salary growth rate	5%	—*	—*
Turnover rate	N/A	N/A	N/A
Expected investment return on offsetable MPF accrued benefits	5%	—*	—*

\* The effect represented an amount less than HK\$1,000.

The sensitivity analyses presented above may not be representative of actual change in the LSP obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. When calculating the sensitivity of the LSP obligation to significant actuarial assumptions, the same actuarial valuation method has been applied when calculating the LSP obligations recognised in the consolidated statement of financial position.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Reconciliation between profit/(loss) before income tax and cash from operations:

	Notes	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Profit/(Loss) before income tax		22,687	(67,876)
Adjustments for:			
Amortisation of intangible assets	11	2,566	2,570
Depreciation of property, plant and equipment	11	42,850	42,081
Depreciation of right-of-use assets	11	2,307	9,270
Loss on disposal of property, plant and equipment	8	98	118
Amortisation of deferred income		(153)	(154)
Unrealised losses/(gains) on listed equity securities	8	49	(21)
Unrealised gains on unlisted equity securities, net	8	(13,112)	(8,440)
Loss on fair value changes in investment properties	8	7,072	3,615
Loss on fair value changes in property, plant and equipment	11	—	311
Impairment losses on property, plant and equipment and intangible assets	11	282	3,278
Reversal of write-down of inventories	11	(421)	—
Write-down of inventories	11	99	4,574
Reversal of ECL allowance of trade and bills receivables		(23)	(34)
Gain on early termination of leases	8	—	(8)
Finance income	9	(822)	(1,474)
Finance costs	9	22,419	27,400
Long service payment expenses	15	90	—
Share of results of associates	18(b)	501	5,301
Share of result of a joint venture	18(c)	(249)	(244)
Operating cash flows before working capital changes		86,240	20,267
Decrease in inventories		3,223	1,900
Decrease in trade and other receivables		63,319	272
Decrease in trade and other payables		(68,617)	(57,632)
(Decrease)/Increase in contract liabilities		(29,129)	46,005
Cash from operations		55,036	10,812

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) The Group's liabilities arising from financing activities can be classified as follows:

	Bank and other borrowings HK\$'000 (note 33)	Lease liabilities HK\$'000 (note 21(b))	Total HK\$'000
As at 1 January 2024	440,347	9,567	449,914
Cash flows:			
- Addition	114,629	-	114,629
- Repayment of principal	(74,960)	-	(74,960)
- Repayment of interest	(7,314)	-	(7,314)
- Capital element of lease rentals paid	-	(8,956)	(8,956)
- Interest element of lease rentals paid	-	(175)	(175)
Non-cash:			
- Interest expenses	27,225	175	27,400
- New lease arrangements (note (c))	-	4,247	4,247
- Early termination	-	(517)	(517)
- Exchange differences	(9,431)	82	(9,349)
As at 31 December 2024 and 1 January 2025	490,496	4,423	494,919
Cash flows:			
- Addition	116,132	-	116,132
- Repayment of principal	(155,413)	-	(155,413)
- Repayment of interest	(7,997)	-	(7,997)
- Capital element of lease rentals paid	-	(1,887)	(1,887)
- Interest element of lease rentals paid	-	(153)	(153)
Non-cash:			
- Interest expenses	22,255	153	22,408
- New lease arrangements (note (c))	-	256	256
- Exchange differences	10,656	(5)	10,651
As at 31 December 2025	476,129	2,787	478,916

#### (c) Non-cash transactions

During the year ended 31 December 2025, the Group entered into certain lease arrangements in which additions to right-of-use assets and lease liabilities amounted to HK\$256,000 (2024: HK\$4,247,000) (note 21(a)) was recognised at the lease commencement date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 38. LEASE COMMITMENTS

#### The Group 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
Within one year	255	308
After one year but within five years	35	59
	290	367

As at 31 December 2025, the Group had committed to certain leases for buildings in which the leases are classified as short-term leases. The total future cash outflows for these leases amounted to HK\$290,000 (2024: HK\$367,000) in aggregate which are included in the table above.

#### The Group as lessor

At the end of the reporting period, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	264	14,534
After one year but within five years	198	—
	462	14,534

The Group leases its investment properties (note 20) under operating lease arrangements which run for an initial period of one to five years (2024: one to five years). The terms of the leases generally also require the tenants to pay security deposits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 39. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had no other material balances and transactions with related parties during the years ended 31 December 2025 and 2024.

#### *Key management personnel remunerations*

Key management includes the executive directors, non-executive directors and company secretary of the Company and the executives of the Group. The remunerations paid or payable to key management personnel are as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term employees benefits	7,167	6,660
Post-employment benefits	155	141
	7,322	6,801

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	869	1,377
Right-of-use assets	2,222	3,523
Investments in subsidiaries	29,947	29,947
Other receivables	641	1,047
	<b>33,679</b>	35,894
<b>Current assets</b>		
Amounts due from subsidiaries	169,808	168,890
Trade and other receivables	259	297
Cash and cash equivalents	15,504	21,512
	<b>185,571</b>	190,699
<b>Total assets</b>	<b>219,250</b>	226,593
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	145,500	145,500
Share premium	95,240	95,240
Accumulated losses (note)	(29,652)	(23,547)
<b>Total equity</b>	<b>211,088</b>	217,193

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2025 HK\$'000	2024 HK\$'000
<b>Non-current liabilities</b>		
Lease liabilities	1,008	2,395
LSP obligations	316	227
	<b>1,324</b>	2,622
<b>Current liabilities</b>		
Amounts due to subsidiaries	2,203	2,238
Trade and other payables	3,249	3,204
Lease liabilities	1,386	1,336
	<b>6,838</b>	6,778
<b>Total liabilities</b>	<b>8,162</b>	9,400
<b>Total equity and liabilities</b>	<b>219,250</b>	226,593
<b>Net current assets</b>	<b>178,733</b>	183,921
<b>Total assets less current liabilities</b>	<b>212,412</b>	219,815

Note: The movements in the Company's accumulated losses are as follows:

	Accumulated losses HK\$'000
As at 1 January 2024	(15,301)
Loss and total comprehensive expense for the year	(8,246)
As at 31 December 2024 and 1 January 2025	<b>(23,547)</b>
Loss and total comprehensive expense for the year	<b>(6,105)</b>
As at 31 December 2025	<b>(29,652)</b>