



## Lerado Financial Group Company Limited

(Incorporated in Bermuda with limited liability)  
Stock Code : 1225



# ANNUAL REPORT 2025



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## Corporate Information

### EXECUTIVE DIRECTORS

Mr. CHEN Chun Chieh  
Ms. HO Kuan Lai  
Mr. LEUNG Kam Por Ken

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YU Tat Chi Michael  
Mr. YANG Haihui  
Mr. LAM Williamson

### AUDIT COMMITTEE

Mr. YU Tat Chi Michael (*Chairman*)  
Mr. LAM Williamson  
Mr. YANG Haihui

### REMUNERATION COMMITTEE

Mr. YU Tat Chi Michael (*Chairman*)  
Ms. HO Kuan Lai  
Mr. LEUNG Kam Por Ken  
Mr. LAM Williamson  
Mr. YANG Haihui

### NOMINATION COMMITTEE

Ms. HO Kuan Lai (*Chairlady*)  
Mr. CHEN Chun Chieh  
Mr. LAM Williamson  
Mr. YU Tat Chi Michael  
Mr. YANG Haihui

### COMPANY SECRETARY

Mr. MAN Yun Wah

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

Flat F&G, 4/F., Golden Sun Centre  
59-67 Bonham Strand West  
Sheung Wan, Hong Kong

### PRINCIPAL SHARE REGISTRAR

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

### BRANCH SHARE REGISTRAR

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

### STOCK CODE

Hong Kong Stock Exchange: 1225

### COMPANY WEBSITE

[www.lerado.com](http://www.lerado.com)

### PRINCIPAL BANKERS

Chong Hing Bank Limited  
The Hongkong and Shanghai Banking Corporation  
Limited

### AUDITOR

McMillan Woods (Hong Kong) CPA Limited

## Financial Highlights

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	<b>117,397</b>	157,235	191,422
Profit/(loss) before taxation	<b>82,184</b>	(175,157)	(278,243)
As a percentage of revenue	<b>70.0%</b>	(111.4%)	(145.4%)
Profit/(loss) attributable to owners of the company	<b>82,800</b>	(174,244)	(279,466)
As a percentage of revenue	<b>70.5%</b>	(110.8%)	(146.0%)
Total assets	<b>602,220</b>	824,714	1,377,016
Total capital employed*	<b>383,659</b>	612,344	1,168,496
Equity attributable to owners of the company	<b>333,659</b>	249,626	428,581
Earnings/(loss) per share ( <i>HK cents</i> )	<b>35.95</b>	(75.65)	(121.34)
Current ratio	<b>2.1</b>	1.5	6.7
Gearing ratio	<b>15.0%</b>	145.7%	172.9%

\* Total capital employed includes shareholders' equity and interest-bearing debts.

# Management Discussion and Analysis

## BUSINESS REVIEW

Lerado Financial Group Company Limited (the “Company”, together with its subsidiaries, the “Group”) is an investment holding company. The Group is principally engaged in providing financial services including securities broking, margin financing and money lending etc., as well as manufacturing and distributing children plastic toys and medical care products like mobility aid and other medical equipment.

### Medical Products and Plastic Toys Business

In terms of products, sales revenue from medical products for the year ended 31 December 2025 was approximately HK\$78.5 million, representing an increase of approximately 8.7% over last year. Sales revenue from plastic toys increased by approximately 15.7% for the year ended 31 December 2025 to approximately HK\$5.2 million.

### Securities Brokerage, Margin Financing, Underwriting and Placements and Assets Management Business

Black Marble Securities Limited, a wholly-owned subsidiary of the Company (“Black Marble Securities”) has generated approximately HK\$1.5 million revenue for the year ended 31 December 2025 (2024: HK\$3.9 million), representing approximately 1.5% of the total revenue of the Group. It was mainly contributed by the interest income from the margin client of approximately HK\$1.1 million for the year ended 31 December 2025 (2024: HK\$2.8 million).

The Group wishes to provide a full range of financing services, such as assets management business and corporate finance business, to its clients other than only securities brokerage, underwriting and placements services and money lending business. The Group and the Company do not carry any Type 9 regulated activity. The Group is in the planning phase for developing an asset management business.

### Money Lending and Finance Leasing

In respect of the money lending business and finance leasing business, the Group targeted on variety of customers including individuals and corporate customers by providing secured or unsecured loans. The source of customers was mainly past customers or referrals by third parties. The Company sourced customers through this channel because it was a direct and authentic way to spread word about our business and it also reduced the marketing cost.

To become the Company customers (including corporate customers and individual customers), the customer is required to disclose in the loan application a list of information including but not limited to the size, term and use of the loan, whether the loan will be guaranteed or secured, and capability of repayment. Regarding corporate customers, we require the customer to provide various types of documentation, such as a copy of business registration certificate, certificate of incorporation, register of members and directors, articles of association and latest of the audited report or management account.

## Management Discussion and Analysis

Regarding individual customers, we require the customer to provide various types of documentation, such as a copy of the identification card of the borrower for individual customers, or asset or income proof. In respect of the portion of secured or unsecured loans, it is expected that the loan portfolio will shift to more secured loan focused in the future when considering new loan applications. The source of funds for the money lending business is funded by the internal resources of the Group.

Lerado Finance Limited principally engages in money lending business in Hong Kong and is licensed money lender in Hong Kong under the Money Lenders Ordinance. We also have a business license to conduct the finance leasing business in the PRC. The terms of a loan were determined on a case-by-case basis following arm's length negotiation between the Company and the borrowers, taking into account the factors such as the borrowers' requirements, the credit risks and prevailing market conditions. Regarding monitoring the credit risk of the long-term loans, the Company closely reviewed and monitored the loan repayment status subsequent to the drawdown of loans on a regular basis to ensure that loan repayments were punctual and past due accounts were handled efficiently. When there were past due accounts, the Group would take actions including discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower. The Group manages credit risk through review and credit approval and post-transaction monitoring processes which are performed by management. Before granting the loans and entering into the finance lease agreements, the credit risk assessment has been performed. The credit risk assessment procedures include but not limited to:

- (i) We will conduct a background search through the Companies Registry and the internal KYC system, in relation to the shareholding and information of the management of the corporate or individual customers, if necessary. We will conduct a litigation search in relation to the borrower through the independent search agent, if necessary;
- (ii) the Company understands the business operations of the client through including but not limited to the interview, the statutory record provided, the financial information provided;
- (iii) reviewing the corporate documents of the potential client including but not limited to the constitution documents and financial statements;
- (iv) We perform the assessment on our customers including but not limited to monitor the value of collateral and check any default in repayment; and
- (v) in case of security being provided as collateral for the loan, assessing the validity and value of the security. The Company adopted the procedures on monitoring loan repayment and recovery which involve (a) the Company's subsidiary operating the money lending business is required to submit management accounts to the Company and report on the financial and business performance during meeting biannually; (b) it is required to report the repayment status of all loans to the Company bi-annually and report for any material defaulted loans immediately upon occurrence; We will assess the periodic review on loan portfolio by considering the outstanding balance, the total interest and principal paid, the value of collateral and any default in repayment. We will monitor the borrower through the latest financial information provided. In respect of delinquent loans, the standard demand letters will be issued. If no satisfactory response is received, formal legal demand letters will be issued. Thereafter formal legal proceedings may be issued where appropriate.

## Management Discussion and Analysis

The Group has persistently implemented internal policy in relation to the money lending business and remains sensitive in minimizing the credit risk it is exposed to. The internal policy are designed to meet the Group's needs and to minimize the credit risks to which the Group is exposed to, and provide reasonable but not absolute assurance against losses.

The following internal policy of the initial loans and extending the loans are put in place:

### Pre-Approval and credit review

Prior to grant of a loan to a borrower, the Group carries out credit risk assessment on the borrower, taking into account, among other things, the background and character of the borrowers, shareholders' background, character, and management capability (if any), purpose of the loan, value of collateral and guarantee (if any), where applicable, relevant public searches and the financial strength of the borrower, shareholder and guarantor.

The Group undergoes the following due diligence procedure in assessing loan applications:

- (A) Obtaining identity proof – such as identity card and passport (for individuals) and business registration certificate, certificate of incorporation and the constitutional documents (for corporate entities) must be provided for verification;
- (B) Obtaining address proof – such as utility bills, bank/credit card statements or formal correspondence issued by a government or statutory body is required to be produced;
- (C) Repayment ability assessment – to assess and justify the repayment ability of the customer, criteria such as availability of guarantor, the background of the customer, and where applicable, the past payment record and any other relevant information are to be considered. Further information from the customer may be requested including but not limited to the followings: tax demand note, tax return, bank statement, payroll slip, employer's letter, employment contract, rental income receipt, tenancy agreement, financial statements, and auditor's report (where applicable); and
- (D) Credit worthiness assessment – Searches and background checks will be conducted upon potential clients by conducting internal checks or obtaining credit assessment report by independent professional firm which mainly contains bankruptcy or winding up search and litigation search; background search and media searches would be subsequently conducted upon the potential clients. For all such potential clients, a credit report would be obtained prior to granting of any loans.

Based on the above procedures, the Company considers that the credit risk and the risk of breaching the relevant laws and regulations in connection with anti-money laundering or anti-terrorist financing are relatively low. Nonetheless, the Company has in place all necessary measures to mitigate the risk of money laundering or terrorist financing risk of potential customers' businesses, such as the nature and details of the business/ occupation/employment of the potential customer; the anticipated level and nature of the activity; location of potential customer; the expected source and origin of the funds; and the initial and ongoing source(s) of wealth or income.

# Management Discussion and Analysis

## Monitoring of loan recoverability

The Group closely reviews and monitors the loan repayment status subsequent to the drawdown of loans on a regular basis to ensure that loan repayments are punctual and past due accounts are handled efficiently. When there is past due accounts, the Group would take actions including discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

Regarding the loan's extension, the credit assessment report would be prepared for the approval by the credit committee. The most updated information includes but not limited to the repayment record of the borrower, loan-to-value (the "LTV") of the collaterals and the identification proof of the borrower are obtained from the borrower. The credit committee members performed credit assessment based on the information as stated in the credit assessment report. First and foremost, the credit committee members considers the creditworthiness of borrowers by taking into account the total amount of repayment made by the borrowers, the timing of the interests repayment and the repayment plan.

The Company had performed the following detailed analysis and ongoing monitoring exercises in considering the approval of loan extension. We communicated with the borrower and enquired about additional information including but not limited to the reason for extension, use of borrowed funds and repayment plan etc.. With respect to the Unsecured Loans, the enhanced due diligence regarding the repayment ability was performed including but not limited to obtaining the proof of source of income and the proof of net-worth such as bank statements.

The Company would demand the repayment of the outstanding interests due by the borrowers before the approval of extension of loans. The Company would negotiate with the borrowers to provide further guarantee/ securities pledge so as to safeguard the benefits of the Company.

The Group has debt recovery procedures in place. For any loans with shortfall and/or overdue payments, demand letters and legal letters will be issued. If the borrower does not respond, the Group will engage external legal advisers for seeking advice and would consider to take further actions. At the same time, the Group will contact the borrower for additional collateral and/or settlement plan. The Group may also engage debt collection agents for such loan where appropriate. If the negotiation is not successful, or additional collateral is not sufficient or default in settlement plan, external legal advisers will issue final warning to the borrower. Subsequently, writs of summon will be served to the borrower to take proceedings to court.

## Management Discussion and Analysis

The management of the Group has demonstrated continuous effort in recovering the outstanding loans in the money lending business. In respect of the loan receivables under the money lending business, recoverability of the receivable loans was monitored on an ongoing basis. In assessing the possibility of recovering the loan receivables, the management of the Group has considered the information such as (i) historical payment records e.g., timely settlement of loan interest or loan principal amounts on the due dates; (ii) the length of the overdue period; and (iii) any foreseeable changes in the economic environment that would significantly deteriorating the borrower's ability to meet its obligation. Furthermore, the management of the Group also made periodic individual assessment on the recoverability of loans receivables in the entire loan portfolio based on the creditworthiness of the borrowers as can be substantiated by their history of default, ability to make timely payment of interest during the loan period and loan-to-collateral ratio to ensure whether follow-up action should be taken to avoid potential exposure to recoverability problem.

Save for the certain loan extensions as disclosed in the announcement dated 31 March 2025, the Company has complied with requirements set out in chapter 14 and/or 14A of the Listing Rules when it granted the loans or the loan extensions to each of the borrower(s).

The Group reserves all of its rights to take legal actions to recover any outstanding amounts due from each of the borrowers to safeguard the interests of the Group and the shareholders of the Company. The management was in the course of reviewing the overdue loan.

The management of the Company is of the view that the exercise of the collaterals would incur additional time costs and legal costs. In order to maintain the diversity of loan portfolios and customer relationship, our management would take the approach of negotiating with the customers in the first place before exercising the collaterals or taking legal actions.

As at 31 December 2025, the Group has 8 corporate customers which are private companies, and 111 individual customers.

Regarding to the loans granted without collaterals (the "Unsecured Loans"), the interest rate is ranged from 7% to 18%, which the higher end is comparatively better than that of loans granted with collaterals (the "Secured Loans"). As such, the interest received from the Unsecured Loans would have more contributions than that of Secured Loans to the Company's loan interest income as a whole.

Besides, there was keen competition in the money lending market. In order to maintain our business in the market, the provision of unsecured loans would broaden the scope of our customer base which facilitate us to have a better mix of loan portfolios with a weighted balance of risk and return. Meanwhile, the company could also have better utilized the funds in our accounts so as to drive more business for the Company.

Moreover, the customer relationship was better managed by extending our money lending services to borrowers without collaterals. Our management is of the view that by providing a full scope of services, without limiting our scope of offering secured loans, the customer stickiness is significantly enhanced. This is one of our key strategies to secure our business with the recurring customers and maintain the volume of our loan portfolios.

# Management Discussion and Analysis

## Information on the reversal of impairment loss on loan receivables

The reversal of impairment loss on loan receivables amounted HK\$50.9 million for the year ended 31 December 2025.

The provision for impairment of loan receivables was approximately HK\$608.5 million based on ECL applied to different stages. The decrease in the allowance for ECL was mainly attributable to the improved loan repayment performance of the borrowers.

For events and circumstances that lead to the Company in recognizing or further making impairment of its loans, factors would normally include (a) delay in settlement of loan interest or loan principal amounts by the borrowers on the due date; (b) legal actions being taken by the Company against the borrowers; and (c) decrease in value of the collaterals if applicable.

For loan receivables (including all material loans), the ECL was primarily estimated based on three key parameters, namely exposure at default (“EAD”), probability of default (“PD”), and loss given default (“LGD”). EAD is based on the gross carrying amount of the receivables as of 31 December 2025.

The PDs considered for receivables in stage 1 and stage 2 were estimated with reference to the historical default rates of B1 rating and Caa-C-rating from Moody’s annual default study “Default Trends – Global: Annual default study: Corporate default rate to fall below its long-term average in 2025” respectively, and adjusted with forward-looking factor which was estimated using regression model. The loan receivable in stage 1 are those without significant increase in credit risk as of the valuation date compared to that in the initial recognition. According to HKFRS 9, 12-month ECL was considered. The adopted PD for stage 1 was 1.3% which was based on the 1-year forward PD for B1-rating. The loan receivable in stage 2 are those with significant increase in credit risk as of the valuation date compared to that in the initial recognition. According to HKFRS 9, lifetime ECL was considered. The adopted forward PD for stage 2 was 30.0%. For stage 3, 100% PD is assumed.

LGD is calculated by one minus recovery rate, where the recovery rate, ranging from approximately 28% to 32%, is based on subordinated bond recovery rate in the Moody’s research paper. For loan receivables that the management of the Company considered could not be recovered, no recovery was applied.

The key assumption and basis used in determining the ECL are in line with the current credit grading.

The adopted valuation method is a common and widely used approach to estimate the expected credit loss for receivables. While the expected credit losses should be measured probability-weighted or expected loss amount, the method adopted considered both the expected probability of occurrence of loss event and the expected loss severity in the event of default based on historical data and market expectation.

## Management Discussion and Analysis

There is no change in valuation method used or assumptions. Impairment loss reversed on loan receivables amounted to HK\$50.9 million (Recognised in 2024: HK\$156.3 million), representing a decrease of 132.6% which was mainly due to more loan repayment from borrowers during the year. Details of the movement of provision for impairment and write-offs of loans receivables are disclosed in note 33(b) to the consolidated financial statements.

The potential loan(s) would be reported to the Company and its Board of Directors for the consideration by its members, if it is of larger amount (i.e. by assessment of size tests under chapter 14 of the Listing Rules, may constitute a discloseable transaction or above), in which case, such potential loan(s) shall be reported to the Board for discussion and approval, the Directors (including the independent non-executive Directors) shall then consider whether such loans are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. The Company Secretary shall review and ascertain if those transactions will be conducted in compliance with the applicable requirements under the Listing Rules and the relevant rules and regulations. Moreover, for any potential loan(s) which may involve connected person(s) as defined under chapter 14A of the Listing Rules, such loan(s) will be reported to the Board immediately for assessment with respect to size tests and assessment by the Board as elaborated above.

Our subsidiary's lending procedures are thoroughly aligned with market standards and industry best practices. However, the recent events and circumstances have highlighted the inherent challenges in predicting and accounting for the complex and dynamic nature of the money lending environment. The recent macroeconomic shifts, including unexpected industry downturns in property market in PRC; a prolonged high interest rate environment; and subdued global economic growth, were of an unprecedented magnitude and speed, making it extremely challenging to accurately predict their impact on our borrowers' financial health. Additionally, the complex and dynamic nature of the money lending environment means that certain borrower behaviors and decision-making patterns can deviate from our initial assessments, leading to unexpected defaults or deterioration in their financial positions.

## Management Discussion and Analysis

### Breakdowns of loan by categories

Set out below is the table showing breakdown of types of loans and types of collateral as at 31 December 2025:

<b>Types of loans</b>	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Personal loans	<b>162,001</b>	387,909
Corporate loans	<b>8,855</b>	14,098
<b>Total</b>	<b>170,856</b>	402,007

<b>Secured or unsecured</b>	<b>Types of collateral</b>	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Unsecured	Nil	<b>170,856</b>	400,820
Secured	Trade receivables	<b>–</b>	1,187
<b>Total</b>		<b>170,856</b>	402,007

### Size and diversity of borrowers

During the year ended 31 December 2025, the Group focused on serving existing screened customers in its money lending business.

During the year ended 31 December 2025, the Group had granted loans with principal amounts in the range of approximately HK\$2.2 million per loan. During the year ended 31 December 2025, the interest rates of the loan receivables of the Group were ranging from approximately 7% to 18% per annum with maturity profiles of 1 year.

### Concentration of loans on major borrowers

As at 31 December 2025, the largest borrower accounted for approximately 4.8% and the five largest borrowers accounted for approximately 20.1% in terms of the Group's total outstanding loan receivables of approximately HK\$170.9 million as at 31 December 2025.

# Management Discussion and Analysis

## Ageing Analysis of the Outstanding Loans

Gross loan receivables with ageing analysis presented below per maturity dates

	<b>As at 31 December 2025 HK\$'000</b>	As at 31 December 2024 HK\$'000
Not due yet	43,628	567,123
Overdue	735,708	494,237
	<b>779,336</b>	1,061,360

The ageing analysis of loan receivables based on latest loan grant date is as follows:

	<b>As at 31 December 2025 HK\$'000</b>	As at 31 December 2024 HK\$'000
Overdue	735,708	494,237
Within one year	43,628	527,913
1 year to 5 years	-	39,210
Total	<b>779,336</b>	1,061,360

The loans, which are not due yet, will be matured within 1 year and receivable on demand.

## PROSPECTS

The Group has endeavored to develop and expand the financial sectors, including, money lending business, financing leasing and securities brokerage business in Hong Kong and the PRC. In order to further expand the business, the Company will focus on the existing businesses and wish to participate in providing other financial services, including but not limited to providing corporate finance, asset management, financial planning services, which can leverage with the Group's existing financial sectors.

The current global economic environment, marked by geopolitical instability, trade policy shifts, and elevated interest rates, continues to present significant challenges to market sentiment and economic activity. Consequently, our businesses in Hong Kong and the PRC are expected to face a challenging operating landscape in the coming years. In light of these market dynamics, the Group will adopt a cautious, flexible strategy. Going forward, with a view to achieving better returns and enhancing the Group's expansion, we will maintain focus on our existing business while actively seeking potential investment opportunities to diversify our business scope and leverage our core competencies.

# Management Discussion and Analysis

## FINANCIAL REVIEW

Consolidated revenue of the Group for the year ended 31 December 2025 was approximately HK\$117.4 million (2024: HK\$157.2 million), representing a decrease of approximately 25.3% over last year. The decrease in the consolidated revenue was mainly due to the decrease of money lending business, of which the decrement was approximately HK\$44.7 million.

Gross profit margin of the Group for the year ended 31 December 2025 was approximately 43.9%, representing a decrease of approximately 18.6 percentage points as compared to the gross profit margin of approximately 62.5% in the last year. Profit of the Group for the year ended 31 December 2025 was approximately HK\$82.8 million (Loss in 2024: HK\$174.3 million) and profit for the year ended 31 December 2025 attributable to owners of the Company was approximately HK\$82.8 million (Loss in 2024: HK\$174.3 million). The profit was mainly due to the reversal of impairment loss recognized on loan receivables of approximately HK\$50.9 million for the year ended 31 December 2025. Besides, marketing and distribution expenses amounted to HK\$7.1 million (2024: HK\$17.5 million), representing a decrease of 59.4% over last year, it was mainly due to the decrease of marketing expenses due to stringent cost control during the year ended 31 December 2025. Finance cost amounted to HK\$ 8.8 million (2024: 28.2 million), representing a decrease of 68.9% over last year was mainly due to the bond redemption during the year ended 31 December 2025.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a conservative policy in its financial management and maintains a solid financial position. Cash and cash equivalents of the Group as at 31 December 2025 decreased by approximately HK\$32.8 million to approximately HK\$58.3 million as compared to approximately HK\$91.1 million as at 31 December 2024. The Group has bond payable of approximately HK\$50.0 million (2024: HK\$363.1 million) as at 31 December 2025. As at 31 December 2025, the Group had net current assets of approximately HK\$282.7 million (31 December 2024: HK\$242 million) and a current ratio of approximately 2.1 (31 December 2024: 1.5). The Group's gearing ratio as at 31 December 2025 was approximately 15.0% (2024: 145.7%). The gearing ratio was computed by the total borrowings and bonds payable over the equity of the Group.

## SIGNIFICANT INVESTMENTS

Since there was no held-for-trading investments and other investments held by the Group valued more than 5% of the total assets of the Group as at 31 December 2025, there were no significant investments held by the Group.

### Investment policies

The Company has adopted an internal investment policy which sets out, among other things, the objectives, guidelines, management and responsibilities of investment activities conducted by the Group. Set out below are details of the infrastructure of the Group's investments:

### Investment objectives

The primary objective of the Company is to achieve long-term capital appreciation and high growth through a diversified portfolio of publicly listed equity securities, effectively utilizing our available capital, which in turn enhance value for its Shareholders.

# Management Discussion and Analysis

## Investment strategy

The Company will allocate corporate resources efficiently by maintaining an appropriate investment scale and optimizing the structure and diversification of its investment portfolio. At the same time, the Company prioritizes thorough investment risk assessment and control, adhering to the principle of economic benefits as the foremost consideration in all investment decisions.

## Investment scope

The Company's investment activities encompass both long-term and short-term investments, depending on its strategic needs and the prevailing market conditions. Long-term investments focus on growth and strategy, while short-term investments prioritize liquidity, operational support and capital stability.

## Permissible and prohibited investments

Our permissible investments are exclusively listed shares on recognized global exchanges. The portfolio will remain diversified across a minimum number of holdings to mitigate risk. The Company is prohibited from using excessive leverage, investing in unlisted securities, or engaging in speculative derivative trading.

## Board's assessment on shareholder value enhancement

The Board of Directors retains ultimate authority for the approval of all material investments, particularly those classified as notifiable transactions. We adhere to the standard practice of basing all investment decisions on thorough due diligence, predefined investment mandates that clearly outline risk parameters and asset allocations, and regular reporting to the Board to ensure full transparency and accountability. This structured approach guarantees that our activities are conducted prudently and in the best interests of the Company and its shareholders.

## RISK MANAGEMENT AND CONTROL MEASURES

### Defined risk limits and counterparty risk

Defined risk limit is managed by ensuring a single equity security investment is not exceeding 5%. Liquidity management is to avoid illiquid private equity investment. Counterparty Risk is minimized by executing all trades through reputable, regulated financial institutions.

### Liquidity management

Liquidity management is to avoid illiquid private equity investment. In addition, the Company sets strict internal thresholds to mitigate this liquidity risk, ensuring that no single security holds more than 5% of its market capitalization.

# Management Discussion and Analysis

## Ongoing risk management and control measures

There are on-going risk management and control measures in place including performance review to be conducted bi-annually, stringent approval workflows such as the dual-control mechanism as adopted and also the post investment ongoing monitoring such as key metrics ongoing checking and adverse new monitoring is performed by the finance officer of the investment team. The limit is continuously monitored by the finance officer. In case of the limit is over 5%, the finance officer will inform our Company Secretary to ensure the compliance of listing rules. Besides, additional approval from our Board is required for such investment.

## Investment decision making process and approval and oversight mechanisms

The Company's investment decisions are governed by a multi-layered approval and oversight framework, led by our Executive Directors, Mr. Ken Leung. This framework is designed to ensure strict adherence to the Listing Rules and alignment with our strategic objectives. The Board of Directors retains ultimate authority for the approval of all material investments, particularly those classified as notifiable transactions.

An internal compliance team, consisting of a company secretary, has been established to oversee the initial screening of all proposed transactions involving the trading or subscription of listed securities. This team's primary responsibility is to conduct the necessary size tests to determine if any applicable percentage ratio exceeds 5%, potentially categorizing it as a notifiable transaction.

According to our governance procedure, if the compliance team identifies a transaction where any percentage ratio exceeds 5%, an immediate report must be submitted to the company secretary, accompanied by all relevant details. No transaction may proceed without prior approval. The company secretary will then conduct a thorough review to assess compliance with all applicable Listing Rules. If confirmed as a notifiable transaction, the proposal, along with all supporting documentation, will be escalated to the Board of Directors for final approval. This enhanced policy and procedure, which centralizes oversight and mandates pre-approval checks, has been fully implemented to prevent any instances of non-compliance.

The Company's securities trading and financial investment activities are primarily overseen by one senior finance officer and two finance officers, who each has over 10 years of experience in financial markets to the table. Their expertise is essential for the identification, analysis, and execution of all investment opportunities. In line with sound corporate governance practices, The proposed strategies and significant transactions undergo review and approval processes overseen by Executive Director Mr. Ken Leung. This dual-control mechanism ensures robust oversight, comprehensive risk assessment, and strategic alignment.

Furthermore, we adhere to the standard practice of basing all investment decisions on thorough due diligence, predefined investment mandates that clearly outline risk parameters and asset allocations, and regular reporting to the Board to ensure full transparency and accountability. This structured approach guarantees that our activities are conducted prudently and in the best interests of the Company and its shareholders.

Looking ahead, the Directors anticipate that the future performance of investments held by the Group may be volatile, significantly influenced by the overall economic environment, equity market conditions, investor sentiment, and the operational performance and development of the investee companies. Consequently, the Group will continue to maintain a diversified portfolio across various industries to minimize potential financial risks. The Directors will also conduct ongoing assessments of the investment portfolio's performance to ensure prudent management.

## Management Discussion and Analysis

The investment team covers stocks in various sectors including Technology, Retail, Construction, Food & Beverage, Securities Trading etc.. By conducting equity research, the finance officers will present their investment ideas. Fundamental analysis follows which includes financial ratios analysis and peer stock valuation comparison. An investment proposal will be further furnished and will be evaluated and approved by the executive Director. After the approval is sought, the investments will be executed and post investment monitoring will be in place.

### Measures to enhance shareholders' value and Dividend Policy

The Board will from time to time assess the Group's dividend policy, and there is no concrete plan and timeline regarding the payout of any dividends. When considering whether to recommend a dividend and determining its amount, the Board will evaluate the Group's distributable profits for the year, its financial condition and liquidity, investment requirements, and the retained earnings designated for future growth. While distributing profits to shareholders, the Company will also ensure it holds adequate reserves to meet its obligations and support the execution of its future development strategies. Furthermore, dividend payments are subject to limitations set forth by applicable laws and the Company's Articles of Association.

### Capital Allocation Strategy

As of 31 December 2025, the Company held cash and bank balances of approximately HK\$58.3 million. As at 31 December 2025, the Group had bond payable of approximately HK\$50 million. We implement balanced and flexible capital allocation strategies aimed at maximizing long-term growth and overall shareholder value. Our strategies encompass effective treasury management, a robust and mindful investment approach, reinvestment in existing operations, mergers and acquisitions, dividend disbursement, and share buybacks, among other corporate initiatives.

### PLEDGE OF ASSETS

The Group did not have any pledged assets as at 31 December 2025.

### EXCHANGE RISK EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in United States dollar, Renminbi, Hong Kong dollar, Euro and New Taiwan dollar. In the event that Renminbi appreciates, the Group will be affected directly. Although the Group currently does not maintain any hedging policy to hedge against foreign exchange exposure that may arise from the above transactions, the management team continuously assesses the foreign currency exposure, with an aim to minimize the impact of foreign exchange fluctuation on the Group's business operations.

# Management Discussion and Analysis

## EQUITY PRICE RISK EXPOSURE

The Group is exposed to equity price risk through its investments in listed securities. Although, the Group currently does not maintain any hedging policy to hedge against the equity price risk, the management team manages this exposure by monitoring the price movements and the changes in market conditions that may affect the value of the investments and will consider taking appropriate actions to minimize the risk.

## CONTINGENT LIABILITY

As at 31 December 2025, the Company did not have any significant contingent liabilities.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed a total workforce of 101 staff members (2024: 149). The gender ratio of the Group's workforce (including senior management) was approximately 45% female to approximately 55% male. Excluding senior management, the Group had 51 male employee (57.3%) and 38 female employee (42.7%). The Group had 12 senior management, of which 5 was male (41.7%) and 7 was female (58.3%). The Group shall continue to take into account diversity perspectives including gender diversity in its hiring of employees from time to time. Apart from basic salaries, discretionary bonus and contribution to retirement benefits schemes, share options may also be granted to staff with reference to the individual's performance. Moreover, the Group also provides internal and external training to its staff to enable them to achieve self-improvement and to enhance their job related skills.

## Directors' Profile

### EXECUTIVE DIRECTORS

**Mr. CHEN Chun Chieh (“Mr. Chen”)**, aged 50, was appointed as an executive director of the Company (the “Director”) on 3 April 2008. Mr. Chen has been working for the Group since 2002, and is currently an executive Director, a member of the nomination committee of the Company (the “Nomination Committee”) and a director of certain subsidiaries of the Company. He obtained a master’s degree in business administration from Lawrence Technical University, U.S.A. Mr. Chen is responsible for the strategic planning and finance of the Group.

**Mr. LEUNG Kam Por, Ken (“Mr. Leung”)**, aged 46, was appointed as an executive Director on 28 January 2019. Mr. Leung is currently an executive Director, a member of the remuneration committee of the Company (the “Remuneration Committee”) and a director of certain subsidiaries of the Company. Mr. Leung holds a bachelor of engineering degree from Hong Kong Polytechnic University. Mr. Leung held a number of senior positions in various organizations including management consulting firm, licensed corporation and conglomerate. He has over 15 years of senior managerial experience of which 4 years working for licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance, and 3 years working as a director of a sizable company which mainly carries on money lending business. He also has extensive experience in different industries and is specializing in manufacturing, supply chain, finance, money lending, business consultancy and general management.

**Ms. HO Kuan Lai (“Ms Ho”)**, aged 54, was appointed as an executive Director on 22 December 2017. Ms Ho is currently an executive Director, the chairlady of the Nomination Committee and a member of the Remuneration Committee. Ms. Ho is currently an associate member of the Singapore Institute of Chartered Secretarial & Administrator. She had been a non-executive director of Laura Ashley Holdings PLC (a company listed on the main board of the London Stock Exchange, stock code: ALY) between 17 June 2013 and 3 August 2014, and an executive director of Morning Star Resources Limited (a company listed on the main board of the Stock Exchange, stock code: 542) between 1 February 2010 and 7 October 2010 and previously held senior management position of a sizable group of companies in Malaysia and United Kingdom. Ms. Ho has abundant experience in management of sizable group of companies.

## Directors' Profile

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. YU Tat Chi Michael** (“**Mr. Yu**”), aged 61, was appointed as an independent non-executive Director on 6 February 2018. Mr. Yu is currently an independent non-executive Director, a member of the Nomination Committee, the chairman of the Remuneration Committee and the chairman of the audit committee of the Company (the “Audit Committee”). Mr. Yu holds a bachelor of commerce degree from the University of New South Wales, Australia. He is a fellow member of the CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yu is also a founding member of The Hong Kong Independent Non-Executive Director Association. Mr. Yu has many years of experience in accounting, corporate finance and asset management. He had held senior management positions in several listed companies in Hong Kong. He is currently an executive director of Sino Splendid Holdings Limited (a company listed on the Stock Exchange, stock code: 8006) since 1 February 2024, an independent non-executive director of Golden Resources Development International Limited (a company listed on the Stock Exchange, stock code: 677) since 30 August 2012, China Netcom Technology Holdings Limited (a company listed on the Stock Exchange, stock code: 8071) since 31 August 2017, Harbour Digital Asset Capital Limited (a company listed on the Stock Exchange, stock code: 913) since 17 August 2020 and WT Group Holdings Limited (a company listed on the Stock Exchange, stock code: 8422) since 20 September 2021. He was an independent non-executive director of Novautek Technologies Group Limited (formerly known as Applied Development Holdings Limited, a company listed on the Stock Exchange, stock code: 519) from 14 September 2016 to 30 December 2024. Mr. Yu has extensive experience in the field of accounting. The Company considers that Mr. Yu can provide independent and comprehensive advice to the Company.

**Mr. YANG Haihui** (“**Mr. Yang**”), aged 34, was appointed as an independent non-executive Director on 6 February 2018. Mr. Yang is currently an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Yang holds a bachelor of software engineering from the Beijing Normal University, Zhuhai. He currently serves managerial position of Jinshang Capital Investment Management Co. Ltd., primarily responsible for risk management in terms of investment, lending and product portfolio. He has extensive experience in risk management. The Company considers that Mr. Yang can provide independent advice to the Company and enhance the risk management of the Company.

**Mr. LAM Williamson** (“**Mr. Lam**”), aged 51, was appointed as an independent non-executive Director on 20 July 2018. Mr. Lam is currently an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Lam is a fellow member of The Hong Kong Institute of Certified Public Accountants and a member of the CPA (Australia). He holds a bachelor of business degree from Monash University, Australia and a master of professional accounting degree from the Hong Kong Polytechnic University. Mr. Lam had held directorships and senior finance positions in various listed companies in Hong Kong. Mr. Lam is currently an independent non-executive director of Wanjia Group Holdings Limited (a company listed on the Stock Exchange, stock code: 401) since 2 March 2026 and an independent non-executive director of King's Stone Holdings Group Limited (a company listed on the Stock Exchange, stock code: 1943) since 11 July 2025. Mr. Lam was an independent non-executive director of Elife Holdings Limited (a company listed on the Stock Exchange, stock code: 223) from 1 January 2011 to 11 March 2025.

# Corporate Governance Report

**The board (the “Board”) of directors of the Company (the “Directors”) is pleased to present this Corporate Governance Report in the Group’s annual report for the year ended 31 December 2025.**

## CORPORATE GOVERNANCE CODE

The Directors consider that the Company had complied with Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2025.

## THE BOARD

### Responsibilities

The Board is responsible for, among others, overseeing the overall development of the Company’s business with the objective of enhancing shareholders’ value including setting and approving the Company’s strategic plan, considering substantial investments, reviewing the Group’s financial performance and developing and reviewing the Group’s policies and practices on corporate governance. The Board has delegated to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established board committees and has delegated to these board committees various responsibilities as set out in their respective terms of reference.

All the Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

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

The Directors are aware of the requirements under the applicable regulations and the Listing Rules for the handling and dissemination of inside information. All the inside information identified by the Directors shall be published and disclosed to the public timely through the Company’s publications and communications, unless the information falls within safe harbours as prescribed in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

# Corporate Governance Report

## Board Composition

As at the date of this annual report, the Board comprises 3 executive Directors and 3 independent non-executive Directors.

The composition of the Board during the year ended 31 December 2025 and up to the date of this annual report is set out below:

### ***Executive Directors***

Mr. CHEN Chun Chieh  
Ms. HO Kuan Lai  
Mr. LEUNG Kam Por Ken

### ***Independent Non-Executive Directors***

Mr. YU Tat Chi Michael  
Mr. YANG Haihui  
Mr. LAM Williamson

The biographical details of the current Board members are set out under the section headed “Directors’ Profile” on pages 18 to 19 of this report. Each of the independent non-executive Directors is appointed for a term of three years.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Company is in compliance with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All the Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

# Corporate Governance Report

## Appointment and Re-election of Directors

In accordance with the Company's bye-laws, all the Directors are subject to retirement by rotation at least once every three years and any new director appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to their number) and shall then be eligible for re-election at the meeting.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's bye-laws. The Nomination Committee is responsible for reviewing the board composition, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

## Board Independence Evaluation

The Company recognizes the importance of the Board independence to corporate governance. In particular, in order to ensure the strong independence of the Board and make ensure that the Board can obtain independent views and opinions, the following mechanisms are required: 1) in assessing the qualification of potential candidates to become independent Directors, the Nomination Committee and the Board will consider, among others, whether the candidates are able to dedicate sufficient time to fulfill their duties as independent Directors and the candidates' backgrounds and qualifications, in order to assess whether such candidates are able to bring an independent view to the Board; and 2) the Nomination Committee is authorized to assess the independence of all independent non-executive Directors on an annual basis with reference to the independence criteria set out in the Listing Rules so as to ensure that they can continue to exercise independent judgment.

All Directors have full and timely access to all information of the Company and to the advice and services of the company secretary and senior management of the Company. Directors are generally entitled to seek independent professional advice on the discharge of their duties to the Company in appropriate circumstances upon request and at our Company's expense.

At the same time, the Company has formulated internal policies (including but not limited to the Articles, the terms of reference of the Remuneration Committee, the Audit Committee and the Nomination Committee) to ensure that the Board is provided with independent views and opinions. For the year ended 31 December 2025, the Company has reviewed the implementation and effectiveness of the above mechanism and is of the view that the above mechanism is able to ensure that the Board is provided with independent views and opinions.

# Corporate Governance Report

## BOARD MEETINGS

### Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to the Directors in advance.

Notice of regular Board meetings is served to all the Directors at least 14 days before the meeting. For other Board and board committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or board committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management of the Company where necessary.

The senior management, including the company secretary of the Company (the “Company Secretary”) attend all regular Board meetings and where necessary, other Board and board committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and board committee meetings. Draft minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and final versions are open for the Directors’ inspection.

The Company’s bye-laws contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### Directors’ Attendance Records

During the year ended 31 December 2025, 4 board meetings were held for, among others, reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each Director at the Board meetings, the annual general meeting of the Company (the “AGM”) and the special general meeting of the Company (the “SGM”) during the year ended 31 December 2025 are set out below:

Name of Director	Attendance/Number of Meetings		
	Board Meetings	AGM	SGM
Mr. CHEN Chun Chieh	4/4	0/1	0/1
Ms. HO Kuan Lai	4/4	1/1	1/1
Mr. LEUNG Kam Por Ken	4/4	1/1	1/1
Mr. YU Tat Chi Michael	4/4	1/1	1/1
Mr. YANG Haihui	4/4	1/1	1/1
Mr. LAM Williamson	4/4	1/1	1/1

# Corporate Governance Report

## Directors' Training

The Directors must keep abreast of their collective responsibilities and are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide to each newly appointed director or alternative director an induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Group's businesses and the statutory regulatory obligations of a director of a listed company as well as the Company's constitutional documents to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company has provided information related to the changes in the Listing Rules to the Directors to update and refresh the Directors' knowledge on the latest developments to the Listing Rules. The Company will continuously update the Directors on the latest developments to the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance the Directors' awareness of good corporate governance practices.

Newly appointed Director will be arranged a comprehensive, formal and tailored induction which includes provision of key guidelines, documents and publications relevant to their roles, responsibilities and ongoing obligations; a briefing on the Company's structure, businesses, risk management and other governance practices and meeting with other fellow Directors so as to help the newly appointed Directors familiarize with the management, business and governance policies and practices of the Company, and ensure that they have a proper understanding of the operations and businesses of the Company.

## Model Code for 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 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with the Model Code throughout the year ended 31 December 2025.

## DELEGATION BY THE BOARD

The Board undertakes responsibility for decision making in major company matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All the Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers. The Board also has the full support of the senior management for the discharge of its responsibilities.

# Corporate Governance Report

## BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established three board committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee for overseeing particular aspects of the Company's affairs. All board committees of the Company are established with defined written terms of reference which are available for the reference of the Shareholders and the public on the websites of the Company and the Stock Exchange. Each of the Nomination Committee, the Remuneration Committee and the Audit Committee is provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances at the Company's expenses.

### Nomination Committee

As at the date of this annual report, the Nomination Committee comprises 5 members, namely Ms. HO Kuan Lai, Mr. CHEN Chun Chieh, Mr. YU Tat Chi Michael, Mr. YANG Haihui and Mr. LAM Williamson, the majority of which are independent non-executive Directors, with Ms. HO Kuan Lai acting as the chairlady.

The principal duties of the Nomination Committee include, among others, reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of the Directors, and assessing the independence of the independent non-executive Directors.

The Nomination Committee is also responsible to review the board diversity policy of the Company (the "Board Diversity Policy"), as appropriate; review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually.

During the year ended 31 December 2025, the Nomination Committee was primarily responsible, among others, for:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on selection of individuals nominated for directorships;
- assessing the independence of the independent non-executive Directors, having regard to the requirements under the applicable laws, rules and regulations;
- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for the Directors and, in particular, the chairman of the Board and the CEO of the Company; and
- reviewing the Board Diversity Policy and any measurable objectives for implementing such policy.

The terms of reference of the Nomination Committee and the authority delegated by the Board is available on the websites of the Stock Exchange and the Company.

## Corporate Governance Report

The Nomination Committee will meet at least once per year according to its terms of reference. A Nomination Committee meeting was held during the year ended 31 December 2025, details of attendance are set out below:

<b>Nomination Committee Members</b>	<b>Attendance/ Number of Meeting</b>
Mr. CHEN Chun Chieh	1/1
Ms. HO Kuan Lai	1/1
Mr. YU Tat Chi Michael	1/1
Mr. YANG Haihui	1/1
Mr. LAM Williamson	1/1

### Board Diversity Policy

The Company has a Board Diversity Policy which sets out its approach to achieve a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Currently, the Board consists of six members who have accounting or financial expertise, professional qualifications, or experience related to the industry where the Company. As at 31 December 2025, the Board had five male Directors (83.3%) and one female Director (16.7%). The Nomination Committee has reviewed the policy concerning the diversity of Board members and believes that the Board has already had a diverse mix of gender, skills, knowledge and experience. The Company will strive to achieve gender balance of the Board through the following measures to be implemented by the Nomination Committee in accordance with the Board Diversity Policy. The Company will actively identify female individuals suitably qualified to become the Board members. To further ensure gender diversity of the Board in the long run, the Group will take opportunities to increase the proportion of female members of the Board, identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become the Board members, which will be reviewed by the Nomination Committee periodically in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

# Corporate Governance Report

## Nomination Policy

The Board has a nomination policy which sets out the procedures and criteria for the selection, appointment and reappointment of the Directors. The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required. The Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business. In evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

## Remuneration Committee

As at the date of this report, the Remuneration Committee comprises 5 members, namely Mr. YU Tat Chi Michael, Ms. HO Kuan Lai, Mr. LEUNG Kam Por Ken, Mr. YANG Haihui and Mr. LAM Williamson, the majority of which are independent non-executive Directors, with Mr. YU Tat Chi Michael acting as the chairman.

The Remuneration Committee is responsible for, among others, making recommendations to the Directors' remuneration and other benefits. The remuneration of all the Directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation is reasonable. Its written terms of reference are in line with the provisions of the CG Code.

During the year ended 31 December 2025, the Remuneration Committee was primarily responsible, among others, for:

- making recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management and on the establishment of formal and transparent procedures for developing policies on all such remunerations;
- recommending to the Board the specific remuneration packages of all the executive Directors and senior management members of the Company;
- reviewing and proposing performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time; and
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The terms of reference of the Remuneration Committee explaining its role and the authority delegated to it by the Board is available on the websites of the Stock Exchange and the Company.

# Corporate Governance Report

The Remuneration Committee held one meeting during the year ended 31 December 2025 and the details of attendance are set out below:

<b>Remuneration Committee Members</b>	<b>Attendance/ Number of Meeting</b>
Ms. HO Kuan Lai	1/1
Mr. LEUNG Kam Por Ken	1/1
Mr. YU Tat Chi Michael	1/1
Mr. YANG Haihui	1/1
Mr. LAM Williamson	1/1

## Directors Remuneration Policy

The Company has adopted a director remuneration policy, it sets out the general principles which guide the Group to deal with the remuneration matters. This remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality directors, senior management of the Group and attract experienced people of high calibre to oversee the business and development of the Group.

## Audit Committee

As at the date of this annual report, the Audit Committee comprises 3 members, namely Mr. YU Tat Chi Michael, Mr. YANG Haihui and Mr. LAM Williamson, all of whom are independent non-executive Directors, with Mr. YU Tat Chi Michael acting as the chairman.

The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting process and internal control system and to provide advice and comments to the Board.

During the year ended 31 December 2025, the Audit Committee was primarily responsible among others, for:

- making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- reviewing and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- developing and implement policy on the engagement of an external auditor to supply non-audit services;
- monitoring integrity of financial statements of the Company and the Company's annual report and accounts and half-year reports and reviewing significant financial reporting judgements contained in them;
- reviewing the Company's financial controls, internal control and risk management systems;
- discussing with management the system of internal controls and risk management and ensuring that management has discharged its duty to have an effective internal control system and risk management;
- reviewing the Group's financial and accounting policies and practices; and
- reviewing the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of internal controls and risk management and management's response, and ensuring that the Board provides a timely response to the issues raised.

# Corporate Governance Report

The Audit Committee held 2 meetings during the year ended 31 December 2025 and the details of attendance are set out below:

<b>Audit Committee Members</b>	<b>Attendance/ Number of Meeting</b>
Mr. YU Tat Chi Michael	2/2
Mr. YANG Haihui	2/2
Mr. LAM Williamson	2/2

## Corporate Governance Functions

During the year ended 31 December 2025, the Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

## ACCOUNTABILITY AND AUDIT

### Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management of the Company has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

# Corporate Governance Report

## Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

During the year ended 31 December 2025, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Board is responsible for maintaining an adequate risk management and internal control systems to safeguard shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of the risk management and internal control systems on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis, and reports to the Audit Committee on any findings and measures to address the variances and identified risks. The management of the Company had confirmed to the Board and the Audit Committee that the risk management and internal control systems were adequate and effective.

The Company has also engaged an external professional firm for the purpose of conducting internal audit function, who has conducted a review of the Group's operational control and risk management. The Board considered the risk management and internal control systems as adequate and effective.

## WHISTLEBLOWING POLICY AND ANTI-CORRUPTION POLICY

The Company has formulated a whistleblowing policy which allows all staff and independent third parties, including customers, suppliers and contractors, to report any possible improprieties, misconducts, malpractices or irregularities in matters of financial reporting, internal control or other matters to the Board or the Audit Committee anonymously. The Group will handle the reports and complaints with care and will treat the whistleblower's concerns fairly and properly. Any person who is found to have victimized or retaliated against those who have raised concerns under this policy will subject to disciplinary sanctions.

The Group has adopted an anti-corruption policy on a zero-tolerance basis for any form of corruption, including bribery and extortion, fraud and money laundering, and promise to operate our business in an honest, ethical and creditable manner. The policies are revised in due course and all Directors and employees are reminded with its requirement from time to time. Every employee should abide by the rules stipulated in the Company's "Operation and Compliance Manual of Securities Industry". Striving to reduce the risk of corruption, the Company provided the employees with one training session with an average of 3 hours of training per employee on anti-corruption. 100% of the employee received the training, including the Company's senior management, middle-level management, supervisors and other employees. The Company provides a series of internal training programs on anti-money laundering and counter-terrorist financing policies. During the year, no legal case regarding corrupt practices and material non-compliance with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) was brought against the Company or its employees.

Please refer to the Environmental, Social and Governance Report for more details.

# Corporate Governance Report

## COMPANY SECRETARY

Mr. MAN Yun Wah has been appointed by the Company to act as the Company Secretary, who has complied with the requirements of the Listing Rules. He has been contacting with the Board directly in respect of company secretarial matters. He reports to the Board directly.

## External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 40 of this annual report.

During the year ended 31 December 2025, the remunerations paid/payable to the Company's external auditors, McMillan Woods (Hong Kong) CPA Limited are set out below:

Type of Services	Fees Paid/ Payable (HK\$)
<i>Audit Services</i>	
– Audit of annual financial statements	700,000
– Non-audit services	10,000
<hr/>	
Total	710,000

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

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

The general meetings of the Company provide a forum for communication between the Board and the shareholders face-to-face dialogue with the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent board committee, are available to answer questions at shareholders' meetings.

The forthcoming annual general meeting of the Company (the "AGM") will be held on Thursday, 25 June 2026. The notice of the AGM will be sent to the Shareholders at least 21 clear days before the AGM.

The Company has reviewed the implementation and effectiveness of the Shareholders' communication policy during the year ended 31 December 2025 and concluded that it is effective because some minority shareholders have personally approached the Company and asked for relevant news by ways of attending the AGM or sending email to the Company.

# Corporate Governance Report

## SHAREHOLDER RIGHTS

### Convening a special general meeting by shareholders

#### ***Procedures for shareholders to convene a special general meeting (including making proposals/moving a resolution at the special general meeting)***

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the “Eligible Shareholder(s)”) shall at all times have the right, by written requisition to the Board or the Company Secretary to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at a special general meeting.
- Eligible Shareholders who wish to convene a special general meeting for the purpose of making proposals or moving a resolution at a special general meeting must deposit a written requisition (the “Requisition”) signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong.
- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene a special general meeting, the agenda proposed to be included the details of the business(es) proposed to be transacted in the special general meeting, signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder will be verified with the Company’s branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene a special general meeting within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder at the special general meeting after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for a special general meeting and/or include the proposal or the resolution proposed by the Eligible Shareholder at the special general meeting.
- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene a special general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the bye-laws, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

### Making enquiry to the Board

The Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post to Flat F&G, 4/F., Golden Sun Centre, 59-67 Bonham Strand West, Sheung Wan, Hong Kong or email to [public@lerado.com.hk](mailto:public@lerado.com.hk).

# Corporate Governance Report

## Investors Relationship

### ***Bye-laws***

There has not been any significant change to the Company's bye-laws during the year ended 31 December 2025.

### ***Investors Communication Policy***

The Company regards the communication with institutional investors as important means to enhance the transparency of the Company and collect views and feedbacks from institutional investors. To promote effective communication, the Company maintains a website at [www.lerado.com](http://www.lerado.com), where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted and available for public access.

The Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number: (852) 3700 9600

By post: Flat F&G, 4/F., Golden Sun Centre,  
59-67 Bonham Strand West,  
Sheung Wan, Hong Kong

Attention: Investor Relations Department

By email: [public@lerado.com.hk](mailto:public@lerado.com.hk)

### **Disclaimer**

The contents of this section headed "Shareholders' Rights" are for reference and disclosure compliance purposes only. The information does not represent and should not be regarded as legal or other professional advice from the Company to the Shareholders. The Shareholders should seek their own independent legal or other professional advice as to their rights as the Shareholders. The Company disclaims all liabilities and losses incurred by the Shareholders in reliance on any contents of this section headed "Shareholders' Rights".

## Directors' Report

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

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements for the year ended 31 December 2025.

Descriptions and reviews of principal risks and uncertainties that the Group may be facing are set out on pages 109 to 119 of this annual report.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 46 and 47 of the annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2025.

### PROPERTY, PLANT AND EQUIPMENT

The Group's buildings were revalued at 31 December 2025. The revaluation resulted in loss of HK\$2.2 million which was debited to property revaluation reserve at 31 December 2025.

Details of movements during the year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements for the year ended 31 December 2025.

### SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements for the year ended 31 December 2025.

### DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders at the end of the reporting period were as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Contributed surplus	933,125	933,125
Accumulated losses	<b>(1,938,874)</b>	(2,033,951)
	<b>(1,005,749)</b>	(1,100,826)

## Directors' Report

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

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

### DIVIDEND POLICY

The Dividend Distribution Policy of the Company establishes the principles to ascertain amounts that can be distributed to the Shareholders as dividend by the Company. Subject to the applicable law and its Bye-Laws, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholders return.

While determining the nature and quantum of dividend payout, the Board would take into account the following factors, inter alia:

- Cash flow position of the Company
- Earnings stability
- Long term investments
- Future cash requirements for development
- Economic environment
- Industry outlook for the future years
- Changes in the Government policies, industry specific rulings & regulatory provisions

### DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report were:

#### Executive Directors:

Mr. CHEN Chun Chieh  
Ms. HO Kuan Lai  
Mr. LEUNG Kam Por Ken

#### Independent non-executive Directors:

Mr. YU Tat Chi Michael  
Mr. YANG Haihui  
Mr. LAM Williamson

## Directors' Report

In accordance with clause 87 of the Company's bye-laws, Ms. HO Kuan Lai and Mr. YU Tat Chi Michael will retire at the forthcoming AGM and, being eligible, offer themselves for re-election. All the other Directors will continue in office.

The terms of office of all independent non-executive Directors are subject to retirement by rotation in accordance with the Company's bye-laws.

### DIRECTORS' SERVICE CONTRACTS

No Director has entered into service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, none of the Directors, supervisor or the chief executive of the Company had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") which shall be recorded and maintained in the register pursuant to section 352 of the SFO, or which shall be notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTIONS

Particulars of the share option schemes and the movements in the share options of the Company are set out in note 31 to the consolidated financial statements.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than share option schemes mentioned above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' Report

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following Shareholders had notified the Company of relevant interests in the issued share capital of the Company.

#### Long position in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Opus Platinum Growth Fund	Beneficial owner	18,000,000	7.82%
Mr. Lai Shu Fun, Francis Alvin <i>(Note 1)</i>	Interest in Controlled Corporation	18,000,000	7.82%

*Note:*

- (1) Mr. Lai Shu Fun, Francis Alvin is indirectly interested in approximately 40.03% of the total issued share capital of Opus Platinum Growth Fund. Therefore Mr. Lai Shu Fun, Francis Alvin is deemed to be interested in the 18,000,000 shares held by Opus Platinum Growth Fund.

Save as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 31 December 2025.

### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### CONNECTED TRANSACTIONS

Other than those disclosed in note 34 to the consolidated financial statements for the year ended 31 December 2025, there were no transactions which need to be disclosed as connected transactions in accordance with the requirements under Chapter 14A of the Listing Rules.

## Directors' Report

### DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Other than disclosed in note 34 to the consolidated financial statements for the year ended 31 December 2025, no contracts of significance, to which the Company or its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end or at any time during the year ended 31 December 2025.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the aggregate sales attributable to the Group's five largest customers represented approximately 38% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 13% of total sales. The aggregate purchases attributable to the Group's five largest suppliers during the year were less than 21% of the total purchases of the Group and the purchases attributable to the Group's largest supplier were approximately 9%.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, owning more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers of the Group.

### PRE-EMPTIVE RIGHTS

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

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

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

### EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the directors of the Company are decided by the board of directors, who are authorised by the shareholders in the annual general meeting, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to the Directors and eligible employees, details of these schemes are set out in note 31 to the consolidated financial statements for the year ended 31 December 2025.

# Directors' Report

## SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2025.

## EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 12 January 2026.

On 12 January 2026, the Company disposed on the open market a total of 1,560,000 Kingland Group Shares at an aggregate consideration of approximately HK\$3.3 million (exclusive of transaction costs) at an average price of approximately HK\$2.11 per Kingland Group Share. As a result of the Disposal, the Group expects to realise a gain of approximately HK\$0.2 million. The Disposal constituted a discloseable transaction of the Company.

Save as disclosed, there was no significant event after the reporting period up to the date of this annual report.

## AUDITOR

With effect from 22 November 2024, Elite Partners CPA Limited ("Elite Partners") resigned as the auditor of the Company and McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods") was appointed as the auditor of the Company with immediate effect from 22 November 2024 to fill the casual vacancy occasioned by the resignation of Elite Partners.

The consolidated financial statements of the Group for the year ended 31 December 2025 was audited by McMillan Woods, who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of McMillan Woods as the auditor will be proposed at the forthcoming annual general meeting.

On behalf of the board

**HO Kuan Lai**

*Executive Director*

31 March 2026

## Independent Auditor's Report



**McMillanWoods**

Professionalism at the forefront

### **TO THE SHAREHOLDERS OF LERADO FINANCIAL GROUP COMPANY LIMITED**

*(incorporated in Bermuda with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of Lerado Financial Group Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 46 to 127, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory 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 (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“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.

# Independent Auditor's Report

## KEY AUDIT MATTERS

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

### Key audit matter

### How our audit addressed the key audit matter

#### Impairment of trade receivables

Refer to notes 4, 5, 20 and 33 to the consolidated financial statements.

As at 31 December 2025, the Group had total trade receivables of approximately HK\$81,525,000, net of allowance for expected credit losses ("ECL") of approximately HK\$71,751,000.

Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for allowance for ECL based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the allowance for ECL.

We focus on this area due to the impairment on trade receivables under the ECL model involved the use of significant management's judgements and estimates and the total amount of trade receivables was significant to the consolidated financial statements.

Our procedures in relation to impairment of trade receivables included:

- Obtaining an understanding of the Group's credit policies;
- Checking, on a sample basis, the ageing profile of the trade receivables to the underlying financial records and post year-end settlements to bank receipts;
- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records and other correspondence with the customers;
- Assessing, with the assistance of auditor's expert, the appropriateness of the ECL model by examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information; and
- Assessing the disclosures made in the consolidated financial statements in relation to the Group's credit risk exposure.

# Independent Auditor's Report

## KEY AUDIT MATTERS *(continued)*

### Key audit matter

### How our audit addressed the key audit matter

#### Impairment of loan receivables

Refer to notes 4, 5, 21 and 33 to the consolidated financial statements.

As at 31 December 2025, the Group had total loan receivables to approximately HK\$170,856,000, net of allowance for ECL of approximately HK\$608,480,000.

The allowance for ECL of loan receivables represents the management's best estimates on ECL at the end of the reporting period.

The measurement of ECL requires the application of significant judgements and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually), such as the expected future cash flows and forward-looking macroeconomic factors.

We focus on this area due to the allowance for ECL on loan receivables under the ECL model involved significant management's judgements and estimates and the total amount of the loan receivables was significant to the consolidated financial statements.

Our procedures in relation to impairment of loan receivables included:

- Obtaining an understanding of the Group's credit policies;
- Selecting samples to assess the reasonableness of management's judgements and estimates on whether the credit risk has increased significantly since initial recognition and whether credit-impaired event has occurred;
- Assessing, with the assistance of auditor's expert, the reasonableness of the Group's ECL models by (i) examining the model input used by management, including testing the accuracy of the default data from external international credit rating agency; (ii) evaluating whether the default data are appropriately adjusted based on current economic conditions and forward-looking information including the economic variables and assumptions used in each of the economic scenarios and their probability weightings; (iii) assessing whether there was an indication of management's bias when recognising allowance for ECL; (iv) assessing appropriateness of the categorisation of debtors; and (v) assessing relevance of macroeconomic variables with the forward-looking rate and how the change of these variables affect the allowance for ECL;
- Reviewing settlements after the financial year end relating to the loan receivables as at 31 December 2025; and
- Assessing the disclosures made in the consolidated financial statements in relation to the Group's credit risk exposure.

# Independent Auditor's Report

## OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

# Independent Auditor's Report

## 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 and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

## Independent Auditor's Report

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

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

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

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

#### **McMillan Woods (Hong Kong) CPA Limited**

*Certified Public Accountants*

#### **Sham Tsz Leung Desmond**

*Audit Engagement Director*

Practising Certificate Number: P08234

24/F, Siu On Centre  
188 Lockhart Road  
Wanchai, Hong Kong  
31 March 2026

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	6	117,397	157,235
Cost of sales		(65,901)	(58,891)
Gross profit		51,496	98,344
Other income	7	3,728	4,553
Other gains/(losses), net	8(a)	47,366	(899)
Reversal of/(provision for) impairment loss on financial assets at amortised cost, net	8(b)	49,791	(175,609)
Marketing and distribution expenses		(7,095)	(17,466)
Administrative expenses		(54,313)	(55,902)
Finance costs	9	(8,789)	(28,178)
Profit/(loss) before taxation		82,184	(175,157)
Income tax credit	10	625	871
Profit/(loss) for the year	11	82,809	(174,286)
<b>Other comprehensive income/(expense), net of tax</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Loss on property revaluation		(32)	(2,921)
Recognition of deferred tax liability arising on property revaluation		8	730
		(24)	(2,191)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		1,789	(2,520)
Release of translation reserve upon disposal of subsidiaries	30(d)	(532)	-
		1,257	(2,520)
Other comprehensive income/(expense) for the year, net of tax		1,233	(4,711)
Total comprehensive income/(expense) for the year		84,042	(178,997)

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTE	2025 HK\$'000	2024 HK\$'000
Profit/(loss) for the year attributable to			
Owners of the Company		82,800	(174,244)
Non-controlling interests		9	(42)
		<b>82,809</b>	<b>(174,286)</b>
Total comprehensive income/(expense) attributable to:			
Owners of the Company		84,033	(178,955)
Non-controlling interests		9	(42)
		<b>84,042</b>	<b>(178,997)</b>
<b>Earnings/(loss) per share</b>	15		
– Basic and diluted		35.95 HK cents	(75.65 HK cents)

## Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	16	26,671	25,071
Right-of-use assets	17	10,432	10,809
Investment properties	18	20,826	20,418
Financial assets at fair value through profit or loss ("FVTPL")	23	5,616	13,494
Statutory deposits placed with clearing house		205	205
		<b>63,750</b>	69,997
Current assets			
Inventories	19	6,565	8,400
Trade and other receivables and prepayments	20	104,366	115,420
Loan receivables	21	170,856	402,007
Financial assets at FVTPL	23	180,196	120,690
Bank balances (trust and segregated accounts)	24	18,220	17,063
Bank balances (general accounts) and cash	24	58,267	91,137
		<b>538,470</b>	754,717
Current liabilities			
Trade and other payables and accruals	25	201,325	189,728
Bonds	26	50,000	313,092
Lease liabilities	27	207	881
Tax payable		4,228	9,062
		<b>255,760</b>	512,763
Net current assets		<b>282,710</b>	241,954
Total assets less current liabilities		<b>346,460</b>	311,951

## Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	29	2,304	2,304
Reserves		331,355	247,322
Equity attributable to owners of the Company		333,659	249,626
Non-controlling interests		-	(374)
<b>Total equity</b>		<b>333,659</b>	<b>249,252</b>
Non-current liabilities			
Bonds	26	-	50,000
Deferred tax liabilities	28	12,616	12,699
Lease liabilities	27	185	-
		12,801	62,699
		346,460	311,951

The consolidated financial statements on pages 46 to 127 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

**Leung Kam Por, Ken**  
DIRECTOR

**Ho Kuan Lai**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note (a))	Property revaluation reserve HK\$'000 (Note (b))	Translation reserve HK\$'000 (Note (c))	Capital redemption reserve HK\$'000 (Note (d))	Contributed surplus HK\$'000 (Note (e))	Accumulated losses HK\$'000	Sub-total HK\$'000			
At 1 January 2024	2,304	352,753	38,510	50,678	23,825	1,270	688,664	(729,423)	428,581	(332)	428,249	
Loss for the year	-	-	-	-	-	-	-	(174,244)	(174,244)	(42)	(174,286)	
Other comprehensive expense:												
Exchange differences arising from translation of foreign operations	-	-	-	-	(2,520)	-	-	-	(2,520)	-	(2,520)	
Loss on property revaluation, net of tax	-	-	-	(2,191)	-	-	-	-	(2,191)	-	(2,191)	
Total comprehensive expense for the year	-	-	-	(2,191)	(2,520)	-	-	(174,244)	(178,955)	(42)	(178,997)	
At 31 December 2024 and 1 January 2025	2,304	352,753	38,510	48,487	21,305	1,270	688,664	(903,667)	249,626	(374)	249,252	
Loss for the year	-	-	-	-	-	-	-	82,800	82,800	9	82,809	
Other comprehensive expense:												
Release of reserve upon disposal of subsidiaries (note 30(d))	-	-	-	-	(532)	-	-	-	(532)	-	(532)	
Exchange differences arising from translation of foreign operations	-	-	-	-	1,789	-	-	-	1,789	-	1,789	
Loss on property revaluation, net of tax	-	-	-	(24)	-	-	-	-	(24)	-	(24)	
Disposal of subsidiaries (note 30(f))	-	-	-	-	-	-	-	-	-	365	365	
Total comprehensive income for the year	-	-	-	(24)	1,257	-	-	82,800	84,033	374	84,407	
At 31 December 2025	2,304	352,753	38,510	48,463	22,562	1,270	688,664	(820,867)	333,659	-	333,659	

## Notes:

- The special reserve of the Group represents the difference between the nominal value of shares of Lerado Group Limited, a subsidiary of the Company, together with its share premium, and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation.
- The property revaluation reserve represents cumulative gains and losses, and deferred tax effects arising from revaluation of the corresponding properties that have been recognised in other comprehensive income. Such items will not be reclassified to profit or loss in subsequent periods.
- Translation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars ("HK\$")) that are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are reclassified to profit or loss on the disposal of the foreign operations.
- The capital redemption reserve represents the aggregate par value of shares which have been repurchased and cancelled.
- The contributed surplus represents the capital reduction of the nominal value of issued ordinary shares from HK\$5.0 each to HK\$0.01 each by a cancellation of such amount of the paid-up capital on each issued ordinary share and an extinguishment and reduction of any part of the capital not paid up on any issued ordinary share so that each existing issued ordinary share will be treated as one fully paid up share of par value of HK\$0.01 on 13 January 2022.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Profit/(loss) before taxation	82,184	(175,157)
Adjustments for:		
Depreciation of property, plant and equipment	2,750	1,876
Depreciation of right-of-use assets	1,004	1,286
Finance costs	8,789	28,178
(Reversal of)/provision for impairment loss recognised on financial assets at amortised cost, net	(49,791)	175,609
Bank interest income	(332)	(480)
Fair value (gains)/losses of:		
– investment properties	621	(95)
– financial assets at FVTPL	(47,602)	997
(Gain)/loss on disposal of property, plant and equipment	(271)	–
Loss on write-off of property, plant and equipment	–	105
Gain on disposal of subsidiaries, net	(1,532)	–
Gain on disposal of an associate	–	(108)
Loss on early redemption of bonds	1,418	–
Operating cash flows before movements in working capital	(2,762)	32,211
Decrease in inventories	2,204	4,049
Decrease in trade and other receivables	7,572	15,411
Decrease in loan receivables	282,067	335,716
Increase in financial assets at FVTPL	(4,026)	(13,681)
Increase in bank balances – trust and segregated accounts	(1,157)	(9,278)
Increase in trade and other payables and accruals	12,026	15,129
Cash generated from operations	295,924	379,557
Income tax paid	(4,884)	(6,056)
Interest paid	(7,518)	(15,433)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>283,522</b>	<b>358,068</b>

## Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,015)	(2,737)
Proceed from disposal of property, plant and equipment	1,164	–
Net cash inflows from disposal of subsidiaries (notes 30(d), (e) and (f))	215	–
Proceeds from disposal of an associate	–	108
Bank interests received	332	480
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,304)</b>	<b>(2,149)</b>
FINANCING ACTIVITIES		
Repayment of lease liabilities	(606)	(935)
Repayment of bonds	(315,781)	(389,900)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(316,387)</b>	<b>(390,835)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,169)</b>	<b>(34,916)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	91,137	127,822
Effect of foreign exchange rate changes	2,299	(1,769)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances (general accounts) and cash</b>	<b>58,267</b>	<b>91,137</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL

Lerado Financial Group Company Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and principal place of business of the Company in Hong Kong is at Flat F&G, 4/F., Golden Sun Centre, 59-67 Bonham Strand West, Sheung Wan, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively referred to as the “Group”) are set out in note 37.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRSs”); Hong Kong Accounting Standards (“HKASs”); and Interpretations (“Ints”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited (the “Stock Exchange”) and the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policy information adopted by the Group are disclosed in the note 4.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards and Ints that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### (A) Application of amendments to HKFRS Accounting Standards and Int

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025, for the preparation of the consolidated financial statements:

Amendments to HKAS 7 and      Lack of Exchangeability  
HKFRS 1

The application of the amendments to HKFRS Accounting Standards listed above did not have any material impact on the Group’s financial performance and positions for the current and prior periods and/or as the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

### (B) New and amendments to HKFRS Accounting Standards in issues but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to HKFRS Accounting Standards, which are not effective on 1 January 2025, and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company anticipate that, except as described below, the application of the above amendments to HKFRS Accounting Standards and Int will not have material impact on the consolidated financial statements in the foreseeable future.

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

HKFRS 18 will replace HKAS 1 “Presentation of Financial Statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose consolidated financial performance in the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

### (B) New and amendments to HKFRS Accounting Standards in issues but not yet effective *(continued)*

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued.
- operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's consolidated statement of profit or loss, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs (e.g., adjusted operating profits and adjusted EBITDA) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the consolidated financial statements.
- The consolidated statement of cash flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

### (B) New and amendments to HKFRS Accounting Standards in issues but not yet effective *(continued)*

#### ***Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments***

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and certain financial instruments that are measured at fair value).

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of these consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

### (a) Consolidation

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (a) Consolidation *(continued)*

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

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

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less accumulated impairment losses, if any.

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

### (b) Foreign currency translation

#### (i) *Functional and presentation currency*

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (b) Foreign currency translation *(continued)*

#### (ii) **Transactions and balances in each entity's financial statements**

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

#### (iii) **Translation on consolidation**

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

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

On consolidation, exchange differences arising from the translation of monetary items that form part of the net interests in foreign entities are recognised in other comprehensive income and accumulated in the translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (c) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment (except for buildings as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such buildings is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

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

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

Buildings	2% or the remaining period of the leases, if shorter
Leasehold improvements	10-20% or the remaining period of the leases, if shorter
Plant and machinery	10-20%
Office equipment	20-33.33%
Motor vehicles	20-50%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

On the subsequent sale or retirement of the buildings at revalued amount, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated losses.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (d) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rentals 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.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time.

Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

### (e) Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) *The Group as a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (e) Lease *(continued)*

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted 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.

#### (ii) *The Group as a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (g) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (h) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (h) Financial assets *(continued)*

#### **Debt investments**

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“FVTOCI”) (recycling). Fair value gains/ (losses) of the investment (including interest) are recognised in profit or loss.

#### **Equity investments**

Interests 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 makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Dividends from interests in equity securities are recognised in profit or loss as other income.

### (i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for expected credit losses (“ECL”).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

### (k) Financial liabilities and equity instruments

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

### (l) Bonds

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

Bonds are classified as current liabilities unless, 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.

### (m) 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 unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (n) Equity instruments

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (o) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of products is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Commission income from securities dealing and brokerage services is recognised on trade date basis when the relevant sale or purchase of securities transactions is executed.

Interest income is recognised as it accrues 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. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

### (p) Employee benefits

#### (i) *Employee leave entitlements*

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (p) Employee benefits *(continued)*

#### (ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

### (q) Borrowing costs

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

### (r) Taxation

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (r) Taxation *(continued)*

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties is measured based on the expected manner as to how the properties will be recovered.

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (s) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (“CGU”) to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

### (t) Impairment of financial assets

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (t) Impairment of financial assets *(continued)*

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

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

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (t) Impairment of financial assets *(continued)*

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

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if:

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

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

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

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for receivables from margin clients where a shorter period of 30 days past due has been applied by the directors of the Company in the view of the nature of business operation and practice in managing the credit risk), unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (t) Impairment of financial assets *(continued)*

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

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

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (t) Impairment of financial assets *(continued)*

#### ***Measurement and recognition of ECL (continued)***

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

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

### (u) Offsetting financial instruments

Financial assets and liabilities of the Group are offset presented in net amount in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

### Significant increase in credit risk

As explained in note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

### Deferred tax for investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. In measuring the Group's deferred taxation on such investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

### Key source of estimation uncertainty

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

### *Key source of estimation uncertainty (continued)*

#### ***Impairment of trade receivables and loan receivables***

The management of the Group estimates the amount of loss allowance for ECL on trade receivables and loan receivables based on the credit risk of trade receivables and loan receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2025, the carrying amounts of trade receivables and loan receivables were approximately HK\$81,525,000 (2024: HK\$70,805,000) (net of allowance for ECL of approximately HK\$71,751,000 (2024: HK\$75,851,000)) and HK\$170,856,000 (2024: HK\$402,007,000) (net of allowance for ECL of approximately HK\$608,480,000 (2024: HK\$659,353,000)).

#### ***Fair value of investment properties***

The Group appointed an independent professional valuer to assess the fair value of the investment properties. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment properties as at 31 December 2025 was HK\$20,826,000 (2024: HK\$20,418,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION

### Revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the year is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers recognised at a point in time within the scope of HKFRS 15:		
Medical products	78,544	72,234
Plastic toys	5,192	4,487
Fee and commission income	670	1,061
	<b>84,406</b>	77,782
Revenue from other sources:		
Interest income from		
– Loan receivables	31,893	76,607
– Margin financing	1,098	2,846
	<b>32,991</b>	79,453
	<b>117,397</b>	157,235

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### Performance obligations for contracts with customers

#### **Medical products**

For sales of medical products to international customers, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers and the customers have obtained control on the goods through their ability to direct other use of and obtain substantially all the benefits from the goods. The normal credit term is 30 days upon delivery.

#### **Plastic toys**

For sales of plastic toys to international customers and the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers and the customers have obtained control on the goods through their ability to direct other use of and obtain substantially all the benefits from the goods. The normal credit term is 30 to 90 days upon delivery.

#### **Securities brokerage business**

Performance obligation for fee and commission income from securities dealing and brokerage services are recognised on trade date basis when the relevant sales or purchase of securities transaction is executed. The normal settlement terms from cash client and securities clearing house are two days after trade date.

### Segment information

The Group has adopted HKFRS 8 "Operating Segments", which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") in order to allocate resources to the segment and to assess its performance. The executive directors of the Company are the CODM for the purposes of HKFRS 8 as they collectively make strategic decisions in allocating the Group's resources and assessing performance.

For the segment reporting purpose to the CODM, the Group is currently organised into the following three operating and reportable segments:

Medical products and plastic toys business	Manufacturing and distribution of medical care products and plastic toys
Securities brokerage business and asset management services	Securities brokerage, margin financing and underwriting and placements and provision of asset management services
Money lending business and other financial services	Provision of loan services and other financial services

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### Segment revenue and results

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

	Medical products and plastic toys business <i>HK\$'000</i>	Securities brokerage business and asset management services <i>HK\$'000</i>	Money lending business and other financial services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>For the year ended 31 December 2025</b>				
Segment revenue – external	83,736	1,768	31,893	117,397
Segment results	(13,102)	(3,188)	72,906	56,616
Fair value gains/(losses) of:				
– investment properties				(621)
– financial assets at FVTPL				47,602
Property rental income				3,358
Gain on disposal of subsidiaries, net				1,532
Loss on early redemption of bonds				(1,418)
Bank interest income				332
Unallocated corporate expenses				(25,217)
Profit before taxation				82,184

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### Segment revenue and results *(continued)*

	Medical products and plastic toys business <i>HK\$'000</i>	Securities brokerage business and asset management services <i>HK\$'000</i>	Money lending business and other financial services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31 December 2024				
Segment revenue – external	76,721	3,907	76,607	157,235
Segment results	(14,106)	(17,914)	(89,432)	(121,452)
Fair value gains/(losses) of:				
– investment properties				95
– financial assets at FVTPL				(997)
Property rental income				3,351
Gain on disposal of an associate				108
Bank interest income				480
Unallocated corporate income				93
Unallocated corporate expenses				(56,835)
Loss before taxation				(175,157)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended 31 December 2025 and 2024.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by/loss from each segment without allocation of fair value gains/(losses) of investment properties and financial assets at FVTPL, property rental income, gain on disposal of subsidiaries, gain on disposal of an associate, loss on early redemption of bonds, bank interest income and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resources allocations and, performance assessment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### Segment assets and liabilities

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

	Medical products and plastic toys business <i>HK\$'000</i>	Securities brokerage business and asset management services <i>HK\$'000</i>	Money lending business and other financial services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>As at 31 December 2025</b>				
Segment assets	79,289	87,358	210,232	376,879
Investment properties				20,826
Financial assets at FVTPL				185,812
Other unallocated assets				18,703
Total assets				602,220
Segment liabilities	53,712	22,278	18,271	94,261
Bonds				50,000
Other unallocated liabilities				124,300
Total liabilities				268,561

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### Segment assets and liabilities *(continued)*

	Medical products and plastic toys business <i>HK\$'000</i>	Securities brokerage business and asset management services <i>HK\$'000</i>	Money lending business and other financial services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>As at 31 December 2024</b>				
Segment assets	99,801	90,629	457,503	647,933
Investment properties				20,418
Financial assets at FVTPL				134,184
Other unallocated assets				22,179
Total assets				824,714
Segment liabilities	49,318	27,477	15,764	92,559
Bonds				363,092
Other unallocated liabilities				119,811
Total liabilities				575,462

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

- all assets, other than investment properties, financial assets at FVTPL and assets of the investment holding companies, are allocated to reportable and operating segments; and
- all liabilities, other than bonds, deferred tax liabilities and liabilities of the investment holding companies, are allocated to reportable and operating segments.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION (continued)

### Other segment information

	Medical products and plastic toys business HK\$'000	Securities brokerage business and asset management services HK\$'000	Money lending business and other financial services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>For the year ended 31 December 2025</b>					
Amounts included in the measure of segment results or segment assets:					
Additions to property, plant and equipment	4,015	-	-	-	4,015
Depreciation of property, plant and equipment	2,406	344	-	-	2,750
Depreciation of right-of-use assets	408	363	-	233	1,004
(Reversal of)/provision for impairment loss on financial assets at amortised cost, net	(1,509)	(630)	(50,916)	3,264	(49,791)

	Medical products and plastic toys business HK\$'000	Securities brokerage business and asset management services HK\$'000	Money lending business and other financial services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>For the year ended 31 December 2024</b>					
Amounts included in the measure of segment results or segment assets:					
Additions to property, plant and equipment	2,737	-	-	-	2,737
Depreciation of property, plant and equipment	1,532	344	-	-	1,876
Depreciation of right-of-use assets	408	723	-	155	1,286
Provision for impairment loss on financial assets at amortised cost, net	1,007	16,637	156,259	1,706	175,609

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### Geographical information

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

Information about the Group's revenue from external customers is presented based on the locations of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	100,001	99,872	626	1,444
Europe	10,792	46,723	–	–
The United States of America	765	4,435	–	–
The PRC (excluding Hong Kong)	3,893	3,442	57,303	54,854
Others*	1,946	2,763	–	–
	<b>117,397</b>	157,235	<b>57,929</b>	56,298

\* No further analysis by countries in this category is presented because the revenue from each individual country is insignificant to the total revenue.

*Note:* Non-current assets excluded those relating to financial assets at FVTPL and statutory deposits placed with clearing house.

### Revenue from major customers

The Group's revenue from external customers is mainly derived from customers located in Hong Kong and Europe (2024: Hong Kong and Europe). For the year ended 31 December 2024, there was no revenue from transactions with a single customer amounted to 10% or more of the total revenue. For the year ended 31 December 2025, revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follows:

	2025 HK\$'000	2024 HK\$'000
Medical products and plastic toys business:		
Customer A	38,392	N/A
Customer B	24,348	N/A

The revenue from the above major customers was derived from medical products and plastic toys business.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 7. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	332	480
Property rental income (note)	3,358	3,351
Others	38	722
	<b>3,728</b>	<b>4,553</b>

Note: In the opinion of the directors of the Company, the direct operating expenses from investment properties that generated rental income were immaterial for the years ended 31 December 2025 and 2024.

### 8. OTHER GAINS/(LOSSES), NET/REVERSAL OF/(PROVISION FOR) IMPAIRMENT LOSS ON FINANCIAL ASSETS AT AMORTISED COST, NET

#### (a) Other gains/(losses). net

	2025 HK\$'000	2024 HK\$'000
Fair value (losses)/gains of:		
– investment properties (note 18)	(621)	95
– financial assets at FVTPL	47,602	(997)
Gain on disposal of subsidiaries, net (notes 30(d), (e) and (f))	1,532	–
Gain on disposal of an associate (note 30(g))	–	108
Gain on disposal of property, plant and equipment	271	–
Loss on write-off of property, plant and equipment	–	(105)
Loss on early redemption of bonds	(1,418)	–
	<b>47,366</b>	<b>(899)</b>

#### (b) Reversal of/(provision for) impairment loss on financial assets at amortised cost, net

	2025 HK\$'000	2024 HK\$'000
Reversal of/(provision for) impairment loss on trade receivables, net arising from:		
– medical products and plastic toys business	1,509	(1,007)
– securities brokerage business	630	(16,637)
Reversal of/(provision for) impairment loss on loan receivables, net	50,916	(156,259)
Provision for Impairment loss on other receivables, net	(3,264)	(1,706)
	<b>49,791</b>	<b>(175,609)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on:		
– Bonds (note 26)	8,766	28,104
– Lease liabilities	23	74
	<b>8,789</b>	<b>28,178</b>

## 10. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000
Current tax – The PRC Enterprise Income Tax (“EIT”):		
Provision for the year	81	397
Over-provision in prior years	–	(628)
	<b>81</b>	<b>(231)</b>
Deferred tax (note 28)	<b>(706)</b>	<b>(640)</b>
	<b>(625)</b>	<b>(871)</b>

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

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% for both years.

Corporate Income Tax in Taiwan is charged at 17% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 10. INCOME TAX CREDIT (continued)

The income tax credit can be reconciled to the profit/(loss) before taxation per the consolidated statement of profit or loss as follows:

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) before taxation	82,184	(175,157)
Tax at Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	13,560	(28,901)
Tax effect of expenses not deductible	952	1,729
Tax effect of income not taxable	(1,213)	(520)
Tax effect of utilisation of deductible temporary differences previously not recognised	(14,733)	(1,215)
Tax effect of tax losses not recognised	4,189	37,812
Tax effect of utilisation of tax losses previously not recognised	(2,100)	(9,286)
Over-provision in prior years	–	(628)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,280)	138
Income tax credit	(625)	(871)

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

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

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) for the year has been arrived at after charging:		
Salaries and allowances, including those of directors of the Company	18,415	22,961
Contributions to retirement benefit schemes, including those of directors of the Company	153	242
Total employee benefits expense, including those of directors of the Company	18,568	23,203
Auditor's remuneration		
– Audit services	700	700
– Non-audit services	10	–
Cost of inventories recognised as an expense	65,901	58,891
Depreciation of property, plant and equipment	2,750	1,876
Depreciation of right-of-use assets	1,004	1,286

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors of the Company are as follows:

2025

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Contribution to retirement benefit schemes <i>HK\$'000</i>	Total emoluments <i>HK\$'000</i>
<b>Executive directors</b>				
Chen Chun Chieh	–	1,277	39	1,316
Leung Kam Por Ken	–	240	12	252
Ho Kuan Lai	–	960	–	960
<b>Independent non-executive directors</b>				
Lam Williamson	144	–	–	144
Yu Tat Chi Michael	216	–	–	216
Yang Haihui	120	–	–	120
<b>Total</b>	<b>480</b>	<b>2,477</b>	<b>51</b>	<b>3,008</b>

2024

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Contribution to retirement benefit schemes <i>HK\$'000</i>	Total emoluments <i>HK\$'000</i>
<b>Executive directors</b>				
Chen Chun Chieh	–	1,273	39	1,312
Leung Kam Por Ken	–	240	12	252
Ho Kuan Lai	–	960	–	960
<b>Independent non-executive directors</b>				
Lam Williamson	144	–	–	144
Yu Tat Chi Michael	216	–	–	216
Yang Haihui	120	–	–	120
<b>Total</b>	<b>480</b>	<b>2,473</b>	<b>51</b>	<b>3,004</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIRECTORS' EMOLUMENTS (continued)

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries or its parent company was a party and in which a director of the Company and other director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive Directors' emoluments shown above were mainly for their services as directors of the Company.

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Company has waived any remuneration during the years ended 31 December 2025 and 2024.

## 13. EMPLOYEES' EMOLUMENTS

Among the five individuals with the highest emoluments in the Group for the year ended 31 December 2025, two (2024: two) were directors of the Company whose emoluments are included in the disclosure in note 12 above. The emoluments of the remaining three (2024: three) individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowance	1,359	1,869
Contribution to retirement benefits scheme	52	51
	<b>1,411</b>	<b>1,920</b>

Their emoluments of the remaining three (2024: three) individuals were within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil – HK\$1,000,000	3	3

No emoluments were paid by the Group to the five highest paid individuals as compensation for loss of office or as a discretionary bonus or an inducement to join or upon joining the Group. None of the five highest paid individuals has waived any emoluments in both years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2025 (2024: nil).

## 15. 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:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit/(loss) for the year attributable to owners of the Company, for the purpose of basic and diluted earnings/(loss) per share	<b>82,800</b>	(174,244)
	<b>Number of shares</b>	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<b>230,322,413</b>	230,322,413

Diluted earnings/(loss) per share for the years ended 31 December 2025 and 2024 were the same as basic earnings/(loss) per share as there were no potential ordinary shares in issue for the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost or valuation</b>						
At 1 January 2024	25,103	1,087	18,509	5,423	1,725	51,847
Exchange realignment	(1,157)	(43)	(728)	(141)	(52)	(2,121)
Additions	-	2,565	93	79	-	2,737
Disposal	-	(1,045)	-	-	-	(1,045)
Adjustment on valuation	(3,991)	-	-	-	-	(3,991)
<b>At 31 December 2024 and at 1 January 2025</b>	<b>19,955</b>	<b>2,564</b>	<b>17,874</b>	<b>5,361</b>	<b>1,673</b>	<b>47,427</b>
Exchange realignment	1,022	204	521	132	69	1,948
Additions	-	2,611	570	79	755	4,015
Disposals	-	-	(10,738)	(1,047)	-	(11,785)
Disposal of a subsidiary (note 30(d))	-	-	-	(90)	-	(90)
Adjustment on valuation	(1,116)	-	-	-	-	(1,116)
<b>At 31 December 2025</b>	<b>19,861</b>	<b>5,379</b>	<b>8,227</b>	<b>4,435</b>	<b>2,497</b>	<b>40,399</b>
<b>Accumulated depreciation and impairments</b>						
At 1 January 2024	-	1,009	17,284	4,126	972	23,391
Exchange realignment	(23)	(41)	(685)	(128)	(24)	(901)
Provided for the year	1,093	140	136	399	108	1,876
Disposals	-	(940)	-	-	-	(940)
Adjustment on valuation	(1,070)	-	-	-	-	(1,070)
<b>At 31 December 2024 and at 1 January 2025</b>	<b>-</b>	<b>168</b>	<b>16,735</b>	<b>4,397</b>	<b>1,056</b>	<b>22,356</b>
Exchange realignment	29	33	474	115	32	683
Provided for the year	1,055	811	269	393	222	2,750
Disposals	-	-	(9,950)	(942)	-	(10,892)
Disposal of a subsidiary (note 30(d))	-	-	-	(85)	-	(85)
Adjustment on valuation	(1,084)	-	-	-	-	(1,084)
<b>At 31 December 2025</b>	<b>-</b>	<b>1,012</b>	<b>7,528</b>	<b>3,878</b>	<b>1,310</b>	<b>13,728</b>
<b>Carrying amount</b>						
<b>At 31 December 2025</b>	<b>19,861</b>	<b>4,367</b>	<b>699</b>	<b>557</b>	<b>1,187</b>	<b>26,671</b>
At 31 December 2024	19,955	2,396	1,139	964	617	25,071

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group revalued its buildings at 31 December 2025 and 2024. At 31 December 2025, the buildings in the PRC amounting to approximately HK\$19,861,000 (2024: HK\$19,955,000) were valued under depreciated replacement cost approach. The loss on revaluation for the year ended 31 December 2025 amounted to approximately HK\$32,000 (2024: HK\$2,921,000) was recognised directly to the property revaluation reserve.

### Fair value measurement of the Group's buildings

The fair values of the Group's buildings were revalued at 31 December 2025 and 2024 by independent professional valuers.

The fair values of the buildings in the PRC were determined by using the depreciated replacement cost approach that reflects the cost to a market participant to construct asset of comparable utility and age, adjusted for obsolescence. There has been no change to the valuation technique for both years.

In estimating of the fair values of buildings, the highest and the best use of the buildings is their current use. The management works closely with the independent professional valuers to establish the appropriate valuation techniques and inputs to the model. All of the fair value measurements of the Group's buildings were categorised into Level 3.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT (continued)

### Fair value measurement of the Group's buildings (continued)

#### Reconciliation of Level 3 fair value measurements

	<b>Buildings</b> <i>HK\$'000</i>
At 1 January 2024	25,103
Exchange realignment	(1,134)
Depreciation	(1,093)
Revaluation	(2,921)
<hr/>	
At 31 December 2024 and 1 January 2025	19,955
Exchange realignment	993
Depreciation	(1,055)
Revaluation	(32)
<hr/>	
At 31 December 2025	19,861

The following table shows the valuation techniques used in the determination of fair values for buildings and unobservable inputs used in the valuation model.

Description	Fair value as at		Valuation techniques	Unobservable inputs	Construction cost as at		Relationship of unobservable inputs to fair value
	31 December 2025	31 December 2024			31 December 2025	31 December 2024	
	<i>HK\$'000</i>	<i>HK\$'000</i>			<i>HK\$</i>	<i>HK\$</i>	
Industrial office units located in the PRC	19,861	19,955	Depreciated replacement cost approach	Adjusted building construction cost after taking into account the difference in individual factor	<b>3,469 per square metre</b>	3,325 per square metre	An increase in the building construction cost would result in the increase in the comparable fair value and vice versa.

If the buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of approximately HK\$2,994,000 (2024: HK\$3,111,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. RIGHT-OF-USE ASSETS

	Land use rights HK\$'000	Leasehold buildings HK\$'000	Total HK\$'000
<b>Cost:</b>			
At 1 January 2024	12,737	1,919	14,656
Exchange realignment	(501)	–	(501)
<b>At 31 December 2024 and 1 January 2025</b>	<b>12,236</b>	<b>1,919</b>	<b>14,155</b>
<b>Addition</b>	<b>–</b>	<b>428</b>	<b>428</b>
<b>Disposal of a subsidiary (note 30(f))</b>	<b>–</b>	<b>(1,446)</b>	<b>(1,446)</b>
<b>Termination of lease</b>	<b>–</b>	<b>(473)</b>	<b>(473)</b>
<b>Exchange realignment</b>	<b>627</b>	<b>–</b>	<b>627</b>
<b>At 31 December 2025</b>	<b>12,863</b>	<b>428</b>	<b>13,291</b>
<b>Accumulated depreciation:</b>			
At 1 January 2024	1,965	181	2,146
Charge for the year	408	878	1,286
Exchange realignment	(86)	–	(86)
<b>At 31 December 2024 and 1 January 2025</b>	<b>2,287</b>	<b>1,059</b>	<b>3,346</b>
<b>Charge for the year</b>	<b>408</b>	<b>596</b>	<b>1,004</b>
<b>Disposal of a subsidiary (note 30(f))</b>	<b>–</b>	<b>(1,147)</b>	<b>(1,147)</b>
<b>Termination of lease</b>	<b>–</b>	<b>(473)</b>	<b>(473)</b>
<b>Exchange realignment</b>	<b>129</b>	<b>–</b>	<b>129</b>
<b>At 31 December 2025</b>	<b>2,824</b>	<b>35</b>	<b>2,859</b>
<b>Carrying amount:</b>			
<b>At 31 December 2025</b>	<b>10,039</b>	<b>393</b>	<b>10,432</b>
At 31 December 2024	9,949	860	10,809
		<b>2025</b>	2024
		<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of right-of-use assets		<b>1,004</b>	1,286
Interest expense on lease liabilities (include in finance costs)		<b>23</b>	74
Total cash outflows for leases		<b>629</b>	1,009

Land use rights represents lump sum considerations paid by the Group to acquire leasehold lands located in the PRC. These leasehold lands are with lease periods of 50 years and there are no ongoing payments to be made under the terms of the land leases.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At 1 January 2024	21,157
Fair value gains recognised in profit or loss	95
Exchange realignment	(834)
<b>At 31 December 2024 and 1 January 2025</b>	<b>20,418</b>
<b>Fair value losses recognised in profit or loss</b>	<b>(621)</b>
<b>Exchange realignment</b>	<b>1,029</b>
<b>At 31 December 2025</b>	<b>20,826</b>

The Group leases out industrial office units under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 6 years.

All of the Group's property interests held under operating lease to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties at 31 December 2025 and 2024 have been arrived at on the basis of a valuation carried out by independent professional valuers.

The fair value of industrial office units located in the PRC were determined by using the depreciated replacement cost approach that reflects the cost to a market participant to construct asset of comparable utility and age, adjusted for obsolescence.

In estimating of the fair value of properties, the highest and best use of the properties is their current use. The management works closely with the independent professional valuers to establish the appropriate valuation techniques and inputs to the model. All of the fair value measurements of the Group's investment properties were categorised into Level 3.

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

Description	Fair value as at		Valuation technique(s)	Unobservable inputs	Construction cost as at		Relationship of unobservable inputs to fair value
	31 December 2025	31 December 2024			31 December 2025	31 December 2024	
	<i>HK\$'000</i>	<i>HK\$'000</i>			<i>HK\$</i>	<i>HK\$</i>	
Industrial office units located in the PRC	20,826	20,418	Depreciated replacement cost approach	Adjusted building construction cost after taking into account the difference in individual factor	4,367 per square metre	4,456 per square metre	An increase in the building construction cost would result in the increase in the comparable fair value and vice versa.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	3,271	4,942
Work in progress	2,359	1,542
Finished goods	935	1,916
	<b>6,565</b>	<b>8,400</b>

## 20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Trade receivables arising from:		
Medical products and plastic toys business ( <i>Note (a)</i> )	26,288	24,224
Less: allowance for ECL	(354)	(3,824)
	<b>25,934</b>	<b>20,400</b>
Trade receivables from securities brokerage business ( <i>Note (b)</i> ):		
– Margin clients	126,988	122,432
Less: allowance for ECL	(71,397)	(72,027)
	<b>55,591</b>	<b>50,405</b>
Total trade receivables	<b>81,525</b>	<b>70,805</b>
Purchase deposits, other receivables and deposits	19,934	41,085
Amounts due from brokers	14,027	20,202
Prepayments	969	1,467
Less: allowance for ECL	(12,089)	(18,139)
Total trade and other receivables and prepayments	<b>104,366</b>	<b>115,420</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Notes:

- (a) The Group allows an average credit period of 60 days to its trade customers from medical products and plastic toys business. The following is an aged analysis of trade receivables, net of allowance for ECL, from medical products and plastic toys business presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	2025 HK\$'000	2024 HK\$'000
Within 30 days	6,406	7,825
31 to 90 days	9,023	701
91-365 days	10,379	11,482
Over 365 days	126	392
	<b>25,934</b>	<b>20,400</b>

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly.

- (b) The normal settlement terms of trade receivables from cash clients and securities clearing house are two days after trade date.

Trade receivables from margin clients, net of allowance for ECL, amounting to approximately HK\$48,472,000 (2024: HK\$43,287,000) as at 31 December 2025 are secured by clients' pledged securities with fair value of approximately HK\$28,539,000 (2024: HK\$30,519,000). All of the pledged securities are listed equity securities in Hong Kong. The margin loans are repayable on demand subsequent to settlement date and carry interest at Hong Kong Prime rate plus premium that ranges from 8% to 15% (2024: from 8% to 15%) per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.

Details of impairment assessment are set out in note 33.

The Group has concentration of credit risk as 62% (2024: 57%) of the total loans to margin clients was due from the Group's five largest margin clients. The whole amount is secured by clients' pledged securities with the fair value of HK\$19,454,000 (2024: HK\$15,978,000) as at 31 December 2025. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

In determining the allowances for impaired margin loans to margin clients, the management of the Group considers the margin shortfall by comparing the market value of stock portfolio and the outstanding balance of margin loan to securities margin clients individually. Impairments are made for those clients with margin shortfall as at year end and with no settlement after the year end.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 21. LOANS RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Loans receivables	530,067	797,270
Interest receivables	244,167	259,234
	<b>774,234</b>	1,056,504
Factoring loan receivables	5,102	4,856
	<b>779,336</b>	1,061,360
Less: allowance for ECL	<b>(608,480)</b>	(659,353)
	<b>170,856</b>	402,007
Analysed as:		
Secured	4,673	1,187
Unsecured	166,183	400,820
	<b>170,856</b>	402,007

The total amounts are repayable on demand or within one year from the end of the reporting period. Interest rate on the fixed rate loans receivables as at 31 December 2025 was ranged from 7% to 18% per annum (2024: from 7% to 18% per annum).

In determining the impairment of loans receivables from money lending business, the management of the Group considers the settlements subsequent to maturity of the relevant loans receivables and the estimated recoverable amount of the corresponding pledged assets of each borrower less cost to sell.

For the factoring loan receivables, the credit period granted to each of the customers is generally less than one year. The effective interest rate of the above factoring loan receivables is 15% (2024: 15%) per annum as at 31 December 2025.

In the event of default by customers, the Group might sell the collaterals, hence the management of the Group monitors the market value of collaterals to ensure the market values of collaterals at the end of the reporting period are sufficient to cover the respective outstanding loan receivables from customers.

Details of impairment assessment are set out in note 33.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 22. FINANCE LEASE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Finance lease receivables	7,565	7,196
Less: allowance for ECL	(7,565)	(7,196)
	-	-

At the end of the lease term of these finance leases, the lessee has the option to buy the machinery and equipment at nominal consideration. None of the lease contains contingent rentals. The contractual interest rates in the lease arrangements are fixed rate 7% per annum.

#### Amount receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Not later than one year	7,565	7,196	7,565	7,196

Details of impairment assessment are set out in note 33.

### 23. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Financial assets classified as at FVTPL:		
Listed securities held for trading:		
– Equity securities listed in Hong Kong	175,191	114,150
Unlisted equity fund	5,616	13,494
Unlisted debt securities	5,005	6,540
	185,812	134,184
Analysed for reporting purpose as:		
Non-current assets	5,616	13,494
Current assets	180,196	120,690
	185,812	134,184

The Group recorded a gain of approximately HK\$47,602,000 (2024: loss of approximately HK\$997,000) on fair value changes of financial assets at FVTPL for the year ended 31 December 2025.

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For the year ended 31 December 2025

## 24. BANK BALANCES AND CASH

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank balances:		
– Segregated accounts for dealing with clients' money	18,220	17,063
– House accounts and general accounts	58,172	91,032
Cash on hand	95	105
	<b>76,487</b>	108,200

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Represented by:		
– Client accounts	18,220	17,063
– House accounts and general accounts	58,267	91,137
	<b>76,487</b>	108,200

As at 31 December 2025, include in bank balances – client accounts of approximately HK\$18,220,000 (2024: HK\$17,063,000) was money deposited by clients in the course of business of dealing in securities. The Group has recognised the corresponding amount in trade payables (note 25). The Group currently does not have a legally enforceable right to offset these payables with deposit placed and use the clients' monies to settle its own obligations.

At the end of the reporting period, the cash and bank balances of the Group are denominated in the following currencies:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
RMB	37,362	48,652
United States dollars (“US\$”)	3,082	6,324
HK\$	35,839	53,085
Others	204	139
	<b>76,487</b>	108,200

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. However, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 25. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Trade payables arising from:		
Medical products and plastic toys business	20,436	10,472
Securities brokerage business:		
– Cash clients	14,409	12,914
– Margin clients	3,811	4,144
Total trade payables	38,656	27,530
Other payables and accruals	162,669	162,198
	<b>201,325</b>	<b>189,728</b>

The following is an aged analysis of trade payables from medical products and plastic toys business presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	11,471	7,910
31 to 90 days	1,865	29
Over 90 days	7,100	2,533
	<b>20,436</b>	<b>10,472</b>

The average credit period on purchases of goods from medical products and plastic toys business is 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The settlement terms of trade payable arising from the securities brokerage business are two days after trade date or at specific terms agreed with clearing house. Trade payables to cash and margin clients are repayable on demand. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of share margin financing.

As at 31 December 2025, the trade payables amounting to approximately HK\$18,220,000 (2024: HK\$17,058,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 26. BONDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bonds, unsecured	50,000	363,092

The carrying amounts of bonds are repayable as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within one year	50,000	313,092
More than one year but not more than two years	–	50,000
<i>Less: Amounts due within one year shown under current liabilities</i>	<i>(50,000)</i>	<i>(313,092)</i>
Amounts shown under non-current liabilities	–	50,000

Movement of the bonds is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	363,092	740,247
Accrued interests	8,766	28,104
Interest paid	(7,495)	(15,359)
Early redemption of bond	1,418	–
Repayments	(315,781)	(389,900)
At 31 December	50,000	363,092

The bonds are unsecured with maturity dates falling on the eighth anniversary of their respective issue dates. The interest rate of the bonds is fixed at 6% per annum (2024: 6% per annum), and the interest is paid annually.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 27. LEASE LIABILITIES

	Minimum lease payment		Present value of lease payment	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Minimum lease payment due:				
– Within one year	230	904	207	881
– More than one year but not more than two years	192	–	185	–
	422	904	392	881
Future finance charges	(30)	(23)		
Present value of lease liabilities	392	881		
Amounts due for settlement within one year (shown under current liabilities)			(207)	(881)
Amounts due for settlement after one year (shown under non-current liabilities)			185	–

The Group leases leasehold buildings for operation and these lease liabilities were measured at the present value of the lease payment that are not yet paid. All leases are entered at fixed prices.

The incremental borrowing rate applied to lease liabilities at from 4.71% to 8.00% (2024: from 4.71% to 8.00%).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	<b>Revaluation of properties</b> <i>HK\$'000</i>
At 1 January 2024	14,616
Credited to profit or loss	(640)
Credited to other comprehensive income	(730)
Exchange realignment	(547)
<b>At 31 December 2024 and 1 January 2025</b>	<b>12,699</b>
<b>Credited to profit or loss</b>	<b>(706)</b>
<b>Credited to other comprehensive income</b>	<b>(8)</b>
<b>Exchange realignment</b>	<b>631</b>
<b>At 31 December 2025</b>	<b>12,616</b>

Under the PRC EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements as there is no taxable temporary differences attributable to accumulated profits of the PRC subsidiaries as well as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 December 2025, the Group had unused tax losses of HK\$914,419,000 (2024: HK\$924,924,000) available for offset against future profits. Deferred tax assets thereon have not been recognised because of the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$34,230,000 (2024: HK\$18,209,000) that will expire within 5 years. Other tax losses may be carried forward indefinitely.

## 29. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount</b> <i>HK\$'000</i>
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025, ordinary shares of HK\$0.01	500,000,000,000	5,000,000
Issued:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025, ordinary shares of HK\$0.01	230,322,413	2,304

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Reconciliation of liabilities arising from financing activities

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

	<b>Lease liabilities</b>	<b>Bonds</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2024	1,816	740,247	742,063
Changes from financing cash flows	(935)	(389,900)	(390,835)
Interest expenses	74	28,104	28,178
Interest paid classified as operating cash flows	(74)	(15,359)	(15,433)
<b>At 31 December 2024 and 1 January 2025</b>	<b>881</b>	<b>363,092</b>	<b>363,973</b>
<b>Changes from financing cash flows</b>	<b>(606)</b>	<b>(315,781)</b>	<b>(316,387)</b>
<b>Addition</b>	<b>428</b>	<b>-</b>	<b>428</b>
<b>Disposal of a subsidiary (note 30(f))</b>	<b>(311)</b>	<b>-</b>	<b>(311)</b>
<b>Interest expenses</b>	<b>23</b>	<b>8,766</b>	<b>8,789</b>
<b>Early redemption of bonds</b>	<b>-</b>	<b>1,418</b>	<b>1,418</b>
<b>Interest paid classified as operating cash flows</b>	<b>(23)</b>	<b>(7,495)</b>	<b>(7,518)</b>
<b>At 31 December 2025</b>	<b>392</b>	<b>50,000</b>	<b>50,392</b>

### (b) Total cash outflow for leases

Cash outflows included in the consolidated statement of cash flows for lease comprise the following:

	<b>2025</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within operating cash flows	(23)	(74)
Within financing cash flows	(606)	(935)
	<b>(629)</b>	<b>(1,009)</b>

### (c) Major non-cash transaction

During the year ended 31 December 2025, the Group entered into new lease agreements for use of properties for 2 years. On lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$428,000 (2024: nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

### (d) Disposal of 駿勝世紀科技(深圳)有限公司

On 7 March 2025, the Company entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest in 駿勝世紀科技(深圳)有限公司 (“駿勝”), a wholly-owned subsidiary of the Company at a consideration of HK\$50,000. The net liabilities of 駿勝 at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:	HK\$'000
Property, plant and equipment (note 16)	5
Cash and cash equivalents	108
Other payables and accruals	(1,407)
<b>Net liabilities disposed of</b>	<b>(1,294)</b>
Consideration	50
Add: release of exchange reserve	532
Add: net liabilities disposed of	1,294
<b>Gain on disposal</b>	<b>1,876</b>
Net cash outflows arising on disposal:	
Cash consideration received	50
Less: cash and cash equivalents disposed of	(108)
	<b>(58)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

### (e) Disposal of Lerado H.K. Limited

On 20 May 2025, the Company entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest in Lerado H.K. Limited (“Lerado HK”), a wholly-owned subsidiary of the Company at a consideration of HK\$900,000. The net assets of Lerado HK at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:	HK\$'000
Cash and cash equivalents	877
Trade and other receivables	2,762
Other payables and accruals	(2,998)
<b>Net assets disposed of</b>	<b>641</b>
Consideration	900
Less: net assets disposed of	(641)
<b>Gain on disposal</b>	<b>259</b>
Net cash inflows arising on disposal:	
Cash consideration received	900
Less: cash and cash equivalents disposed of	(877)
	<b>23</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

### (f) Disposal of First Platform Limited and its subsidiary

On 14 July 2025, the Company entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest in First Platform Limited (“First Platform”), a wholly-owned subsidiary of the Company at a consideration of HK\$300,000. The net assets of First Platform and its subsidiary at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:	HK\$'000
Right-of-use assets	299
Other receivables and prepayments	728
Bank and cash balances	50
Other payables	(228)
Lease liabilities	(311)
<b>Net assets disposed of</b>	<b>538</b>
Consideration	300
Less: deficit balance of non-controlling interest	(365)
Less: net assets disposed of	(538)
<b>Loss on disposal</b>	<b>(603)</b>
Net cash inflow arising on disposal:	
Cash consideration received	300
Less: cash and cash equivalents disposed of	(50)
	<b>250</b>

### (g) Disposal of an associate

In January 2024, the Group entered into a sale and purchase agreement with an independent third party to dispose 49% equity interest in 上海勤瑞益安物業管理有限公司 for a cash consideration of approximately HK\$108,000. This disposal has resulted in the recognition of a gain on disposal of an associate in profit or loss, calculated as follows:

	HK\$'000
Proceeds from disposal	108
Less: Carrying amount of interests in an associate at the date of disposal	-
<b>Gain on disposal of interests in an associate</b>	<b>108</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. SHARE OPTION SCHEME

### 2022 Scheme

Following the 2012 share option scheme expired on 27 May 2022, the Company adopted a new share option scheme (the “2022 Scheme”), which was approved in the Company’s annual general meeting on 29 June 2022 with the view to motivate the eligible participants.

According to the 2022 Scheme, the board of directors of the Company may offer to grant an option to any full-time employees, executives or officers, directors of the Company or any of its subsidiaries. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

In general, the maximum number of shares in respect of which options may be granted under the 2022 Scheme and under any other share option scheme of the Company must not exceed 10% of the total number of shares in issue, excluding for this purpose shares which would have been issuable pursuant to option which have lapsed in accordance with the terms of the 2022 Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2022 Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant without prior approvals of the shareholders. Share options granted to connected persons in excess of 0.1% of the shares in issue or having a value in excess of HK\$5 million must be approved in advance by the Company’s shareholders in general meeting.

The directors of the Company may in its absolute discretion determine the period during which an option may be exercised, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the 2022 Scheme. Subject to earlier termination by the Company in general meeting or by the board of directors of the Company, the 2022 Scheme shall be valid and effective for a period of 10 years after the date of adoption of the 2022 Scheme. The exercise price shall be determined by the board of directors and must not be less than the highest of (i) the official closing price of the Company’s shares on the date of grant; (ii) the average of the official closing price of the Company’s shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

No share options were granted, lapsed, exercised or cancelled by the Company under the 2022 Scheme and there was no outstanding share option during the years ended 31 December 2025 and 2024.

The number of options available for grant under the 2022 Scheme as of 31 December 2025 and 2024 was 23,032,241 (2024: 23,031,241), which represented approximately 10% (2024: 10%) of the issued share capital of the Company.

The number of shares that may be issued in respect of share options granted under the 2022 Scheme during the year ended 31 December 2025 divided by the weighted average number of the issued shares of the Company (excluding treasury shares) for the year ended 31 December 2025 was Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt which includes bonds, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital, share premium, special reserve, property revaluation reserve, translation reserve, capital redemption reserve and accumulated losses, as disclosed in the consolidated financial statements.

The directors of the Company review the capital structure semi-annually. As part of this review, the directors of the Company assess the annual budget prepared by management of the Company. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through new share issues, as well as issue of new debts and repayment of existing debts.

A subsidiary of the Company is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). The Group's regulated entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R.

The externally imposed capital requirement for the Group is to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group has maintained a sufficient public float to comply Rules Governing the Listing of Securities on the Stock Exchange.

## 33. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
Financial assets at FVTPL	185,812	134,184
Financial assets at amortised cost	350,945	624,160
<b>Financial liabilities</b>		
Financial assets at amortised cost	251,325	552,810
Lease liabilities	392	881

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, statutory deposits placed with clearing house, trade and other receivables, loan receivables, bank balances and cash, bonds and trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### ***Credit risk and impairment assessment***

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to statutory deposit placed with clearing house, trade and other receivables, loan receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables and trade receivable arising from margin clients are mitigated because they are secured over properties or listed equity securities.

The Group performed impairment assessment for financial assets under the ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

#### *Trade receivables*

The Group has concentration of credit risk as 31% (2024: 25%) and 67% (2024: 67%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the medical products and plastic toys business and securities brokerage business. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under the ECL model on trade receivables based on provision matrix. Except for trade receivables arising from cash and margin client, which are assessed for impairment individually, the remaining trade receivables is grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers.

In respect of trade receivables arising from securities brokerage business, individual evaluations are performed on all clients (including cash and margin clients) based on underlying collateral. Cash clients are required to place deposits as prescribed in the Group's policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within two days after the trade date. The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its cash and margin clients and has policy to manage these exposures on a fair value basis. Margin loans due from margin clients are repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### **Credit risk and impairment assessment (continued)**

##### *Bank balances*

Credit risk on bank balances are limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12 month ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies.

##### *Other receivables*

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and quantitative and qualitative information that is reasonable and supportive forward-looking information. For the years ended 31 December 2025 and 2024, The Group provided impairment on other receivables based on the ECL model.

##### *Loan receivables*

The directors of the Company estimate the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan receivables.

The Group's internal credit risk grading assessment comprises the following categories:

<b>Internal credit rating</b>	<b>Description</b>	<b>Trade receivables (excepts for receivables from cash and margin clients)</b>	<b>Other financial assets</b>
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost, which are subject to the ECL assessment:

	Notes	External credit rating	Internal credit rating	12 month or lifetime ECL	2025 Gross carrying amount HK\$'000	2024 Gross carrying amount HK\$'000
<b>Financial assets at amortised cost</b>						
Loan receivables	21	N/A	Low risk Doubtful Loss	12 month ECL Lifetime ECL (not credit-impaired) Lifetime ECL (credit-impaired)	4,412 122,132 652,792	2,000 489,598 569,762
Bank balances	24	Aa1 (Note 2)	N/A	12 month ECL	76,392	108,095
Trade receivable arising from medical products and plastic toys business	20	N/A	(Note 1)	Lifetime ECL (provision matrix)	26,288	24,224
Trade receivable arising from margin clients	20	N/A	Low risk Loss	12 month ECL Lifetime ECL (credit-impaired)	14,222 112,766	13,358 109,074
Finance lease receivables	22	N/A	Loss	Lifetime ECL (credit-impaired)	7,565	7,196
Other receivables	20	N/A	Low risk Doubtful Loss	12 month ECL Lifetime ECL (not credit-impaired) Lifetime ECL (credit-impaired)	14,027 1,884 18,050	20,202 16,606 24,479

*Note 1:* For trade receivables arising from medical products and plastic toys business, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items by using a provision matrix.

*Note 2:* The external credit ratings are assessed according to Moody's Rating Scaling. The Group has balances with several banks in which the ratings are Aa1. During the years ended 31 December 2025 and 2024, no impairment loss was provided for bank balances as the amount is insignificant.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers in relation to its medical products and plastic toys business because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL.

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
<b>As at 31 December 2025</b>			
Current	0.10	15,444	(15)
Within 30 days	0.10	1,942	(2)
31 to 90 days	0.10	5,753	(6)
91 to 365 days	0.19	2,696	(5)
Over 365 days	71.96	453	(326)
<b>Total</b>		<b>26,288</b>	<b>(354)</b>
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
<b>As at 31 December 2024</b>			
Current	0.09	8,087	(7)
Within 30 days	–	141	–
31 to 90 days	–	6,429	–
91 to 365 days	0.33	5,408	(18)
Over 365 days	91.34	4,159	(3,799)
<b>Total</b>		<b>24,224</b>	<b>(3,824)</b>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

Movement in the allowances for ECL on trade receivables under simplified approach is as follows:

	HK\$'000
As at 1 January 2024	2,853
Provision for impairment losses	1,007
Exchange realignment	(36)
<b>As at 31 December 2024 and 1 January 2025</b>	<b>3,824</b>
<b>Disposal of a subsidiary</b>	<b>(2,011)</b>
<b>Reversal of impairment losses</b>	<b>(1,509)</b>
<b>Exchange realignment</b>	<b>50</b>
<b>As at 31 December 2025</b>	<b>354</b>

Movement in the allowances for ECL on finance lease receivables is as follows:

	Lifetime ECL (credit- impaired) HK\$'000
As at 1 January 2024	7,491
Exchange realignment	(295)
<b>As at 31 December 2024 and 1 January 2025</b>	<b>7,196</b>
<b>Exchange realignment</b>	<b>369</b>
<b>As at 31 December 2025</b>	<b>7,565</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### **Credit risk and impairment assessment *(continued)***

Movement in the allowances for ECL on loan receivables under general approach is as follows:

	12 month ECL <i>HK\$'000</i>	Lifetime ECL (not credit- impaired) <i>HK\$'000</i>	Lifetime ECL (credit- impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2024	2,303	200,942	309,627	512,872
Transfer to lifetime ECL (credit-impaired)	(794)	(63,214)	64,008	–
Transfer to lifetime ECL (not credit-impaired)	(1,509)	1,509	–	–
Provision for/(reversal of) impairment losses	16	(5,740)	161,983	156,259
Write-off	–	–	(9,634)	(9,634)
Exchange realignment	–	–	(144)	(144)
<b>As at 31 December 2024 and 1 January 2025</b>	<b>16</b>	<b>133,497</b>	<b>525,840</b>	<b>659,353</b>
Transfer to lifetime ECL (credit-impaired)	–	(33,991)	33,991	–
Transfer to lifetime ECL (not credit-impaired)	(16)	16	–	–
Provision for/(reversal of) impairment losses	39	(54,885)	3,930	(50,916)
Exchange realignment	–	–	43	43
<b>As at 31 December 2025</b>	<b>39</b>	<b>44,637</b>	<b>563,804</b>	<b>608,480</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

Movement in the allowances for ECL on trade receivables arising from cash and margin clients under general approach is as follows:

	12m ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	60	118,699	118,759
Provision for impairment losses	4	16,633	16,637
Write-off	–	(63,369)	(63,369)
<b>As at 31 December 2024 and 1 January 2025</b>	<b>64</b>	<b>71,963</b>	<b>72,027</b>
<b>Provision for/(reversal of) impairment losses</b>	<b>8</b>	<b>(638)</b>	<b>(630)</b>
<b>As at 31 December 2025</b>	<b>72</b>	<b>71,325</b>	<b>71,397</b>

Movement in the allowances for other receivables under general approach is as follows:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	513	16,310	16,823
(Reversal of)/provision for impairment losses	(11)	1,717	1,706
Exchange realignment	(12)	(378)	(390)
<b>As at 31 December 2024 and 1 January 2025</b>	<b>490</b>	<b>17,649</b>	<b>18,139</b>
<b>Transfer to credit-impaired</b>	<b>(490)</b>	<b>490</b>	<b>–</b>
<b>Write-off</b>	<b>–</b>	<b>(9,360)</b>	<b>(9,360)</b>
<b>Provision for impairment losses</b>	<b>16</b>	<b>3,248</b>	<b>3,264</b>
<b>Exchange realignment</b>	<b>–</b>	<b>46</b>	<b>46</b>
<b>As at 31 December 2025</b>	<b>16</b>	<b>12,073</b>	<b>12,089</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### **Market risk**

##### *(i) Currency risk*

The Group's exposure to currency risk mainly arises from fluctuation of foreign currencies against the functional currency of relevant group entities, including RMB, US\$ and HK\$.

The functional currencies of the Group's principal subsidiaries are HK\$, US\$ and RMB. While most of the Group's operations are transacted in the functional currency of the respective group entities, the Group undertakes certain sales and purchase transactions denominated in US\$ and HK\$. Hence, exposures to exchange rate fluctuations arises. The Group currently does not formulate any hedging policies against its exposure to currency risk. The Group will manage its foreign currency risk by closely monitoring the movement of the foreign currency rate and buying foreign currency forward contracts if it considers the risk to be significant.

The directors of the Company are of the opinion that the US\$ is pegged against HK\$ and the risk of movements in exchange rates between US\$ and HK\$ to be insignificant. Accordingly, no sensitivity analysis is performed on the movements in exchange rates between US\$ and HK\$.

No sensitivity analysis has been performed on the Group's financial assets and liabilities denominated in RMB as the directors of the Company are of opinion that they are not material to the Group.

##### *(ii) Interest rate risk*

#### Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to cash and margin clients receivables (note 20) and bank balances (general accounts) (note 24).

#### Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate loan receivables (note 21) and bonds (note 26).

The Group currently does not have any interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors of the Company monitor the Group's exposures on an ongoing basis and will consider hedging the interest rate should the need arises.

Sensitivity analysis on cash flow interest rate risk has not been presented as the reasonably possible changes in market interest rate will not have significant impact on the Group's consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS *(continued)*

### (b) Financial risk management objectives and policies *(continued)*

#### **Market risk** *(continued)*

##### *(iii) Equity price risk*

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. The Group's equity price risk is concentrated on equity instrument quoted on the Stock Exchange. The management of the Group manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate at 20% is applied as a result of the volatile financial market.

If the price of the equity securities measured at FVTPL had been 20% (2024: 20%) higher/lower, the Group's profit/(2024: loss) before taxation would increase/decrease (2024: decrease/increase) by HK\$36,161,000 (2024: HK\$25,529,000).

In the opinion of the directors of the Company, the sensitivity analysis above was unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year.

#### **Liquidity risk**

In the management of the 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed settlement dates. The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or less than 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2025					
Non-derivative financial liabilities					
Trade and other payables and accruals	–	201,325	–	201,325	201,325
Lease liabilities	7.72%	230	192	422	392
Bonds	6.00%	53,000	–	53,000	50,000
		<b>254,555</b>	<b>192</b>	<b>254,747</b>	<b>251,717</b>

	Weighted average interest rate	On demand or less than 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2024					
Non-derivative financial liabilities					
Trade and other payables and accruals	–	189,728	–	189,728	189,728
Lease liabilities	5.49%	904	–	904	881
Bonds	6.00%	326,799	53,000	379,799	363,092
		<b>517,431</b>	<b>53,000</b>	<b>570,431</b>	<b>553,701</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS *(continued)*

### (c) Fair value measurement

#### ***Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis***

The fair values of financial assets and financial liabilities at amortised cost approximate to their respective carrying amounts as the discounting impact is not significant.

#### ***Fair value of financial assets that are measured at fair value on a recurring basis***

The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

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

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

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

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages independent professional valuers to perform the valuation. The management of the Group works closely with the independent professional valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group report the findings to the directors of the Company to explain the cause of fluctuations in the fair value.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurement (continued)

**Fair value of financial assets that are measured at fair value on a recurring basis (continued)**

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
	2025 HK\$'000	2024 HK\$'000			
Listed securities	175,191	114,150	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity fund	5,616	13,494	Level 3	Adjusted net asset value	Adjusted factor from 0% to 100%
Unlisted debt securities	5,005	6,540	Level 3	Discount cash flows with expected loss rate (2024: Discount cash flows with expected loss rate)	Expected loss rate of 72.1% (2024: expected loss rate of 72.1%) (Note)
	10,621	20,034			

Note: An increase in the expected loss rate used in valuation would result in a decrease in the fair value measurement of the unlisted debt securities, and vice versa.

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

Reconciliation of assets measured at fair value based on level 3:	Unlisted equity fund HK\$'000	Unlisted debt securities HK\$'000	Total HK\$'000
At 1 January 2024	13,626	10,187	23,813
Fair value loss recognised on profit or loss	(132)	(3,647)	(3,779)
<b>At 31 December 2024 and 1 January 2025</b>	<b>13,494</b>	<b>6,540</b>	<b>20,034</b>
Fair value (loss)/gain recognised on profit or loss	(7,878)	3,965	(3,913)
Redemption	–	(5,500)	(5,500)
<b>At 31 December 2025</b>	<b>5,616</b>	<b>5,005</b>	<b>10,621</b>

Fair value changes of the unlisted investments at FVTPL are included in “fair value gains/(losses) of financial assets of FVTPL” under “other losses, net”.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (continued)

### (d) Financial asset and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and the clearing house, the Group has a legal enforceable right to set off the money obligations receivable and payable with clearing house on the same settlement date and the Group intends to settle on a net basis.

In addition, the Group has a legally enforceable right to set off the trade receivables from and payables to securities brokerage business that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to the clearing house and trade receivables from and payables to securities brokerage business that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with clearing house do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

	Gross amount recognised as financial liabilities set off in the consolidated statement of financial position <i>HK\$'000</i>	Gross amount recognised as financial assets after impairment <i>HK\$'000</i>	Net amount of financial assets presented in the consolidated statement of financial position <i>HK\$'000</i>	Related amounts not offset in consolidated statement of financial position		Net amount <i>HK\$'000</i>
				Financial instruments <i>HK\$'000</i>	Collateral received <i>HK\$'000</i>	
<b>2025</b>						
<b>Financial assets</b>						
Amounts due from clearing house and trade receivables from securities brokerage business	55,591	-	55,591	-	(28,539)	27,052
Statutory deposits placed with clearing house	205	-	205	(205)	-	-



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 34. RELATED PARTY DISCLOSURES

During the year ended 31 December 2025, save from disclosed elsewhere in the consolidated financial statements, the Group had the following related parties transactions:

### Compensation of key management personnel

The remuneration of key management personnel, being the directors of the Company, are as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	2,957	2,953
Retirement benefit scheme contribution	51	51
	<b>3,008</b>	3,004

The remuneration of directors of the Company was decided by the board of directors, which is reviewed by the Remuneration Committee, having regard to the performance of the individuals and market trends.

## 35. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK\$30,000. The Group's contributions to the scheme are expensed as incurred and are vested in accordance with the scheme's vesting scales.

During the years ended 31 December 2025 and 2024, the Group's contributions under the above-mentioned defined contribution retirement plan had no forfeited contributions may be used to reduce the existing level of contributions.

The employees of the Company's subsidiaries in the PRC and Taiwan are members of the state-managed retirement benefit schemes and defined contribution plan operated by the PRC and Taiwan government, respectively. The PRC and Taiwan subsidiaries are required to contribute a certain percentage of payroll costs to the respective retirement benefit schemes and defined contribution plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes and defined contribution plan is to make the specified contributions.

The total expense of approximately HK\$153,000 (2024: HK\$242,000) charged to the consolidated statement of profit or loss and other comprehensive income represents contributions paid or payable by the Group for the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company at 31 December 2025 are as follows:

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <b>HK\$'000</b>
<b>Non-current assets</b>			
Investments in subsidiaries		<b>253,972</b>	216,595
Right-of-use assets		<b>392</b>	197
		<b>254,364</b>	216,792
<b>Current assets</b>			
Other receivables and prepayments		<b>1,227</b>	1,241
Amounts due from subsidiaries	<i>(a)</i>	<b>161,725</b>	144,896
Bank balances		<b>3,491</b>	6,693
		<b>166,443</b>	152,830
<b>Current liabilities</b>			
Bonds		<b>50,000</b>	313,092
Other payables		<b>51,403</b>	86,905
Lease liabilities		<b>207</b>	205
Amounts due to subsidiaries	<i>(a)</i>	<b>968,434</b>	663,919
		<b>1,070,044</b>	1,064,121
<b>Net current liabilities</b>		<b>(903,601)</b>	(911,291)
<b>Total assets less current liabilities</b>		<b>(649,237)</b>	(694,499)
<b>Capital and reserves</b>			
Share capital	<i>29</i>	<b>2,304</b>	2,304
Reserves	<i>(b)</i>	<b>(651,726)</b>	(746,803)
<b>Capital deficiencies</b>		<b>(649,422)</b>	(744,499)
<b>Non-current liabilities</b>			
Bonds		<b>-</b>	50,000
Lease liabilities		<b>185</b>	-
		<b>185</b>	50,000
		<b>(649,237)</b>	(694,499)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes:

(a) **Amount(s) due from/(to) subsidiaries**

The amounts are unsecured, interest-free and repayable on demand.

(b) **Reserves**

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	352,753	933,125	1,270	(1,543,953)	(256,805)
Loss for the year	-	-	-	(489,998)	(489,998)
At 31 December 2024 and 1 January 2025	352,753	933,125	1,270	(2,033,951)	(746,803)
Profit for the year	-	-	-	95,077	95,077
At 31 December 2025	352,753	933,125	1,270	(1,938,874)	(651,726)

## 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ establishment	Form of legal entity	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities (note (i))
				Directly		Indirectly		
				2025 %	2024 %	2025 %	2024 %	
中山隆成啟航商貿有限公司	PRC	Wholly foreign owned enterprise	US\$6,240,000 Registered Capital	-	-	100	100	Manufacturing and trading of medical products
Lerado H.K. Limited	Hong Kong	Limited liabilities company	HK\$5,000 Ordinary Share	-	-	-	100	Trading of medical products
BlackMarble Capital Limited	Hong Kong	Limited liabilities company	HK\$1 Ordinary Share	-	-	100	100	Money lending
Oriental Strategic Limited	The British Virgin Islands (the "BVI")	Limited liabilities company	US\$50,000 Ordinary Share	100	100	-	-	Investment holding
Lerado Group Limited	BVI	Limited liabilities company	HK\$10,702 Ordinary Share	100	100	-	-	Investment holding
Wonder Time Holdings Limited	BVI	Limited liabilities company	HK\$1 Ordinary Share	-	-	100	100	Trading of held-for-trading investments
Shanghai Lerado Co. Ltd.	PRC	Wholly foreign owned enterprise	US\$6,260,000 Registered Capital	-	-	100	100	Manufacturing and trading of nursery products

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment	Form of legal entity	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities (note (i))
				Directly		Indirectly		
				2025 %	2024 %	2025 %	2024 %	
廣州凱濶企業管理服務有限公司	PRC	Wholly foreign owned enterprise	US\$5,000,000 Registered Capital	-	-	100	100	Property holding
駿勝世紀科技(深圳)有限公司	PRC	Wholly foreign owned enterprise	RMB1,000,000 Registered Capital	-	-	-	100	Research and development for electric scooters, wheels
Black Marble Securities Limited	Hong Kong	Limited liabilities company	HK\$330,000,000 Ordinary Share	-	-	100	100	Securities brokerage, margin financing and underwriting and placements
Black Marble Global Investment Fund SPC	Cayman Islands	Limited liabilities company	N/A	-	-	100	100	Investment fund
Lerado Finance Limited	Hong Kong	Limited liabilities company	HK\$1 Ordinary Share	-	-	100	100	Money lending
First Platform International Limited	BVI	Limited liabilities company	US\$1 Ordinary Share	-	100	-	-	Investment holding
Genuine Oriental Wealth Management Limited	Hong Kong	Limited liabilities company	HK\$1,850,000 Ordinary Share	-	-	-	80	Insurance brokerage

*Note:* The principal activities of the subsidiaries are carried out in the place of incorporation/establishment.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the years ended 31 December 2025 and 2024.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## Financial Summary

### RESULTS

	Year ended 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
REVENUE	215,287	218,238	191,422	157,235	117,397
PROFIT/LOSS BEFORE TAXATION	(62,894)	(345,563)	(278,243)	(175,157)	82,184
INCOME TAX CREDIT/(EXPENSE)	(44)	(22,074)	(1,152)	871	625
Loss for the year from continuing operation	(62,938)	(367,637)	(279,395)	(174,286)	82,809
Loss for the year from discontinued operation	(2,994)	-	-	-	-
PROFIT/LOSS FOR THE YEAR	(65,932)	(367,637)	(279,395)	(174,286)	82,809
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(65,709)	(367,073)	(279,466)	(174,244)	82,800
NON-CONTROLLING INTERESTS	(223)	(564)	71	(42)	9
	(65,932)	(367,637)	(279,395)	(174,286)	82,809

### ASSETS AND LIABILITIES

	At 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
TOTAL ASSETS	2,031,070	1,682,653	1,377,016	824,714	602,220
TOTAL LIABILITIES	(975,393)	(1,001,894)	(948,767)	(575,462)	(268,561)
	1,055,677	680,759	428,249	249,252	333,659
EQUITY ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	1,055,516	681,162	428,581	249,626	333,659
NON-CONTROLLING INTERESTS	161	(403)	(332)	(374)	-
	1,055,677	680,759	428,249	249,252	333,659