



# ANNUAL REPORT 2025

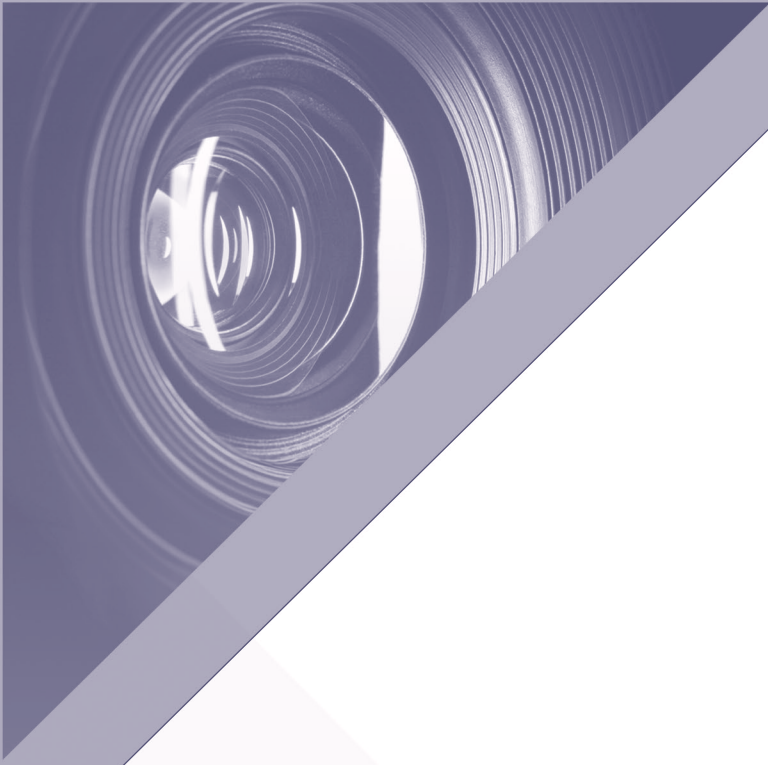
天彩控股有限公司

Sky Light Holdings Limited

Stock Code **3882**

Incorporated in the Cayman Islands with limited liability





**Sky Light Holdings Limited**

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**2025**  
ANNUAL REPORT

# Financial Highlights

	2025 HK\$'000	2024 HK\$'000	CHANGE
<b>CONTINUING OPERATIONS</b>			
REVENUE	288,918	296,408	(2.5%)
COST OF SALES	(228,944)	(237,208)	(3.5%)
GROSS PROFIT	59,974	59,200	1.3%
GROSS PROFIT MARGIN (%)	20.8%	20.0%	0.8 p.p.t.
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(48,001)	(67,450)	(28.8%)
<b>DISCONTINUED OPERATIONS</b>			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	–	(19,144)	(100.0%)
LOSS FOR THE YEAR	(48,001)	(86,594)	(44.6%)
Attributable to:			
OWNERS OF THE COMPANY	(39,159)	(65,996)	(40.7%)
NON-CONTROLLING INTERESTS (“NCI”)	(8,842)	(20,598)	(57.1%)
	(48,001)	(86,594)	(44.6%)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY BASIC AND DILUTED	HK(3.9) cents	HK(6.5) cents	(40.0%)

# Corporate Information

## Board (the “Board”) of Directors of the Company (the “Director(s)”)

### **Executive Director**

Mr. Tang Wing Fong Terry (*Chairman*)  
Mr. Liu Guofei (*Resigned on 9 May 2025*)

### **Independent Non-executive Directors**

Mr. Wong Wai Ming  
Mr. Lau Wai Leung Alfred  
Ms. Lo Wan Man

## Committees of the Board

### **Audit Committee (the “Audit Committee”)**

Ms. Lo Wan Man (*Chairlady*)  
Mr. Wong Wai Ming  
Mr. Lau Wai Leung Alfred

### **Remuneration Committee (the “Remuneration Committee”)**

Ms. Lo Wan Man (*Chairlady*)  
Mr. Tang Wing Fong Terry  
Mr. Lau Wai Leung Alfred

### **Nomination Committee (the “Nomination Committee”)**

Mr. Tang Wing Fong Terry (*Chairman*)  
Ms. Lo Wan Man  
Mr. Lau Wai Leung Alfred

## Authorized Representatives

Mr. Tang Wing Fong Terry  
Ms. Yeung Pui Yee Holly

## Company Secretary

Ms. Yeung Pui Yee Holly

## Registered Office

P.O. Box 31119 Grand Pavilion, Hibiscus Way  
802 West Bay Road, Grand Cayman, KY1-1205  
Cayman Islands

## Head Office, Headquarters and Principal Place of Business in the People’s Republic of China (“China” or the “PRC”)

Building No. 8  
Antuoshan High-tech Industrial Park  
Xinsha Road, Shajing, Bao’An  
Shenzhen  
PRC

## Principal Place of Business in Hong Kong

Unit B1 23/F, MG Tower  
133 Hoi Bun Road  
Kwun Tong  
Kowloon  
Hong Kong

## Auditor

D & Partners CPA Limited  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
2201, 22/F, West Exchange Tower  
322 Des Voeux Road Central  
Sheung Wan  
Hong Kong

## Hong Kong Legal Adviser

Johnson Stokes & Masters  
16th–18th Floors, Prince’s Building  
10 Charter Road  
Central  
Hong Kong

# Corporate Information

## Cayman Islands Principal Registrar and Transfer Office

Vistra (Cayman) Limited  
P.O. Box 31119 Grand Pavilion, Hibiscus Way,  
802 West Bay Road, Grand Cayman, KY1-1205  
Cayman Islands

## Hong Kong Branch Share Registrar

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

## Principal Bankers

Hongkong and Shanghai Banking Corporation Limited  
Level 10 HSBC Main Building  
1 Queen's Road Central  
Hong Kong

## Stock Code

3882

## Company Website Address

[www.sky-light.com.hk](http://www.sky-light.com.hk)

# Chairman's Statement

To all shareholders,

First of all, on behalf of the Board, I would like to express my sincere gratitude for your continued support for Sky Light Holdings Limited ("**Sky Light**" or the "**Company**" or "**our Company**") and its subsidiaries (together, the "**Group**" or "**our Group**" or "**we**").

For the year ended 31 December 2025 ("**FY2025**"), the Group's revenue from continuing operations was approximately HK\$288.9 million, representing a decrease of approximately 2.5% compared to the year ended 31 December 2024 ("**FY2024**"). In 2025, our core products included home surveillance cameras and baby monitors. Due to intense market competition and the impact of high U.S. tariffs, the Group's revenue remained comparable to that of 2024. Through active cost-reduction initiatives over the past year, the Group recorded a loss of approximately HK\$48.0 million, representing a 44.6% reduction in loss compared to FY2024.

The Group anticipates that future consumer electronics will increasingly integrate Artificial Intelligence ("**AI**") algorithms to deliver enhanced intelligent functionalities, steering the industry toward a subscription-dominant business model. Currently, the Group is accelerating the research and development of edge algorithms, with the objective of launching more AI-enabled products in the second half of 2026. Through these initiatives, the Group aims to further bolster its recurring subscription-based revenue.

While maintaining its existing products and services, the Company has also explored new business frontiers. In 2025, we observed rapid growth in the instant retail delivery sector within China's supermarkets, driven by evolving consumer habits. In the second half of the year, the Group completed a convertible bond financing and procured a fleet of electric delivery vehicles ("**Delivery EVs**"), new energy batteries, and new energy charging equipment. Operations commenced in November, providing on-demand delivery system services ("**On-demand Delivery System Services**") to domestic supermarket and hypermarket chains ("**Superstore Chains**"). This new business is currently in its initial stages and requires further expansion.

The recent AI wave has driven extreme demand, leading to explosive growth in the demand for various chips and precious metals, which in turn has significantly driven up overall prices. Additionally, geopolitical factors have impacted the logistics costs and supply stability of chips, precious metals, and oil. The continuous rise in prices for various chips, particularly memory chips and metallic materials, has pressured the Group's costs and supply chain. We will actively communicate with customers and suppliers and seek alternative solutions to minimize the impact on our business.

# Chairman's Statement

Looking ahead to 2026, the Group will proactively implement the following measures regarding its camera and headphone products and related accessories:

- **Integrating AI algorithms**, especially edge computing, to enhance product functionality and user experience.
- **Expanding into more B2B markets**, primarily focusing on:
  - (i) Dash cameras and data storage for commercial transportation and delivery fleets.
  - (ii) Wearable cameras for staff in large-scale supermarkets.
- **Accelerating the development** of differentiated ODM products.
- **Securing more manufacturing orders** for IoT and headphone categories for our Vietnam factory, in addition to imaging products.

The Group expects these initiatives to improve revenue and achieve a turnaround as soon as possible.

In 2026, the global shifts driven by geopolitics and artificial intelligence will be the primary challenges for our business. Facing a rapidly changing and uncertain future, the Group will remain vigilant to market and technological shifts, actively developing market-oriented businesses and products to improve our financial performance.

## Appreciation

On behalf of the Board, I would like to express my sincere gratitude to all business partners, customers and shareholders for their support, as well as the management team and all employees of the Group for their contributions in the past years. We believe that, with everybody's dedication and efforts, the Group will be well-positioned to achieve further success.

**Tang Wing Fong Terry**

*Chairman*

Hong Kong, 31 March 2026

# Management Discussion and Analysis

## Business review

The Group is principally engaged in manufacturing and sale of camera products, headphone products, and related accessories. It also provides on-demand delivery system services for Superstore Chains in the PRC.

### 1. *Manufacturing of Camera Products, Headphone Products and Related Accessories*

For FY2025, the Group's camera products, headphone products and related accessories business recorded a revenue of approximately HK\$288.6 million, representing a decrease of approximately 2.6% as compared to approximately HK\$296.4 million in FY2024. Although the Group's comprehensive cost-reduction efforts, insufficient customer orders led to the manufacturing business recorded a loss of approximately HK\$40.8 million. Compared to the loss of approximately HK\$67.5 million in FY2024, this represents a decrease of 39.5%. Over the past year, geopolitical tensions and U.S. tariffs have significantly impacted the Group's operations. In a highly competitive consumer electronics market, the Group is focusing on developing more ODM products and expanding its B2B (business-to-business) business in hopes of returning to profitability as soon as possible.

**Home Surveillance Camera Product:** Major products include smart doorbells, network surveillance cameras, and baby monitors.

Revenue for FY2025 was approximately HK\$197.1 million, representing an increase of approximately 16.9% as compared to FY2024. The increase in revenue was mainly due to the increase in orders for the Group's ODM products. Market competition has remained intense over the past year. Numerous prominent brands have adopted a strategy of selling hardware at competitive prices while aiming to generate profitability through monthly subscription-based models. The Group expects that future consumer electronics products will incorporate more AI algorithms and provide more intelligent functions. The industry's business model will be dominated by charging monthly subscription fees. Following the pilot implementation of monthly subscriptions for specific products last year, the Group's related revenue for 2025 was approximately HK\$3.0 million. Currently, the Group is accelerating the research and development of edge algorithms, with the objective of launching more AI-enabled products in the second half of 2026 to further bolster subscription-based revenue.

**Digital Imaging Product:** Major products include wearable cameras, dashcams and video conferencing cameras.

Revenue for FY2025 was approximately HK\$50.0 million, representing a decrease of 43.2% from FY2024. This decline was due to major customers not launching new products and some even exiting the market. For wearable cameras, the Group primarily provides police-worn cameras for law enforcement and evidence collection. Meanwhile, the Group is actively developing other commercial channels, such as wearable cameras for large supermarket staff and referees during sporting events. For dashcams, the Group are mainly supplied to commercial fleets for route monitoring, data recording, driver behavior analysis, and accident forensic purposes.

**Headphone Product:** In recent years, the Group's Vietnam factory has suffered significant losses due to insufficient order volumes. As the factory currently lacks R&D capabilities, it can only undertake OEM projects for processing fees. In 2025, the Vietnam factory began accepting headphone processing orders, generating approximately HK\$22.5 million in processing fee revenue. It is expected that the Vietnam factory will primarily focus on headphone processing orders in 2026.

# Management Discussion and Analysis

## 2. *On-demand Delivery System Services for Superstore Chains*

Driven by the evolving consumer landscape in the PRC, the Group observed a growth potential in the on-demand retail delivery industry for supermarket and hypermarket chains (“**Superstore Chain(s)**”) in the PRC. In December 2024, the Group decided to launch this new business segment in relation to intelligent full-chain data on-demand delivery system services (the “**On-demand Delivery System Services**”) for Superstore Chains in the PRC.

In the first half of 2025, the Group engaged in discussions with several top stream internet online Superstore Chains and large scale physical Superstore Chains with online platforms (the “**Delivery Platforms**”), who will allocate a portion of their on-demand retail delivery business in certain regions in China to the Group. Accordingly, the Group provides Superstore Chains and the delivery riders (the “**Delivery Rider(s)**”) with a one-stop integrated On-demand Delivery System Service, which includes dedicated electric delivery vehicle(s) (the “**Delivery EV(s)**”), new energy batteries, new energy charging equipment, and corresponding smart management software.

In the second half of 2025, the Group procured a batch of Delivery EVs and accessories (including new energy batteries and new energy charging equipment) to establish its delivery fleet, enhancing its service capacity and supporting its commitment to environmentally friendly vehicles. The service is then commenced in certain regions in the PRC.

Revenue generated from this new business was approximately HK\$272,000 in 2025. As this business is currently in its incipient stage, the Group intends to further expand its market presence and operational efficiency.

For further details regarding this new business segment, please refer to the Company’s announcements dated 27 December 2024, 19 May 2025, 21 July 2025, 24 July 2025 and 10 October 2025, respectively.

## PROSPECTS

### 1. *Manufacturing of Camera Products, Headphone Products and Related Accessories*

With the rapid advancement of AI, the Group is integrating edge algorithms into its camera products, transforming them into intelligent devices with real-time perception and analytical capabilities. Combined with cloud-based Large Language Models (LLMs), these enhancements will expand product functionality and commercial value. The Group is currently accelerating the R&D of relevant edge algorithms to launch iterative smart products. Furthermore, in 2026, the Group will allocate more resources to cultivate B2B channels and expand its presence in the Japanese market.

The recent AI surge has triggered extraordinary demand, leading to explosive growth in the consumption of various semiconductors and precious metals, which has significantly driven up overall procurement costs. Additionally, geopolitical tensions have impacted the logistics costs and supply stability of chips, precious metals, and oil. Recently, the sharp rise in prices for various chips, particularly memory chips, and metal raw materials has pressured our cost structure and supply chain. The Group is proactively engaging with customers and suppliers to discuss price adjustments, alternative sourcing, and strategic buffering of inventory to minimize the impact on operations.

# Management Discussion and Analysis

**Home surveillance camera products:** By incorporating AI algorithms, our devices have evolved from passive recording tools into proactive intelligent products capable of autonomous sensing, analysis, and response, significantly enhancing their value proposition. Beyond basic identification of people, vehicles, or animals and the filtering of redundant alerts (such as swaying foliage), these products now offer high-value features. These include proactive notifications for family arrivals, stranger alerts, package delivery/pickup tracking, infant cry and sleep quality monitoring, elderly fall detection, and fire alerts. Moreover, the Group can provide personalized intelligent services and comprehensive analytical reports. We expect this category to be fully AI-enabled by 2026, with the business model increasingly shifting toward competitive hardware pricing coupled with recurring subscription-based revenue.

**Digital Imaging Products:** In addition to supplying wearable cameras for law enforcement, the Group will begin supplying related products to personnel of large retail chains in 2026, with revenue in this segment expected to grow this year. Regarding the dashcams, we have successfully secured a project to provide back dashcams and driving recorders for the delivery fleet of a prominent U.S. e-commerce platform. Mass production and shipments are slated for the second half of the year. The Group will leverage this experience to explore further B2B opportunities in this field.

**Headphone Products:** In 2025, the Group's Vietnam factory undertook various headphone OEM orders on a processing-fee basis. We anticipate a significant increase in order volume in 2026, with the objective of achieving a turnaround for the Vietnam facility. Concurrently, the Group will actively seek Internet of Things (IoT) projects suitable for production at the Vietnam factory.

## 2. *On-demand Delivery System Services for Superstore Chains Business*

The Group will continue to develop this business segment across China with a focus on optimizing its utilization rate. China's on-demand delivery sector is expanding steadily yet challenging in recent years, supported by consumer demand for convenience, but it remains a highly competitive environment. As the industry landscape continues to evolve, the Group's disciplined expansion strategy and procurement of additional delivery EVs support sustainable growth and operational efficiency.

The Group considers the provision of On-demand Delivery System Services for Superstore Chains to be a market with steady growth opportunities. Going forward, we will closely monitor the market environment and focus on improving operational efficiency while prudently expanding our business.

# Management Discussion and Analysis

## Financial review

### Turnover

The Group's camera products and related accessories products mainly consist of the following three categories: (i) home surveillance cameras, (ii) digital imaging products, and (iii) other products (including but not limited to research and development ("R&D") services and tooling fees in relation to products manufactured for its customers). The Group primarily derives its revenue from the sales of the above products, as well as from manufacturing services income in respect of headphone products and income from On-demand Delivery System Services provided to Superstore Chains.

The following table sets out the breakdown of the revenue for continuing operations for the years indicated:

	2025 HK\$'000	% of total revenue	2024 HK\$'000	% of total revenue	Revenue change
<b>Manufacturing business</b>					
<b>Sales of Products</b>					
Home surveillance cameras	197,117	68.2%	168,679	56.9%	16.9%
Digital imaging products	49,962	17.3%	87,901	29.7%	(43.2%)
Other products	19,075	6.6%	39,004	13.1%	(51.1%)
	266,154	92.1%	295,584	99.7%	(10.0%)
Headphone product manufacturing service income	22,492	7.8%	824	0.3%	2,629.6%
	288,646	99.9%	296,408	100%	(2.6%)
On-demand delivery system services income for superstore chains	272	0.1%	–	0%	Nil
<b>TOTAL</b>	<b>288,918</b>	<b>100.0%</b>	<b>296,408</b>	<b>100.0%</b>	<b>(2.5%)</b>

For FY2025, the Group recorded a turnover of approximately HK\$288.9 million (FY2024: approximately HK\$296.4 million), representing a decrease of approximately 2.5% as compared to FY2024. The decrease in revenue was mainly attributable to: (i) the sales volume of digital imaging products decreased by approximately 43.2% during the year, coupled with the steady decline in the sales proportion of other products, which jointly dragged down the comprehensive average unit sales volume of camera module products by approximately 10.0% compared to the FY2024; and (ii) the above-mentioned downturn in product sales was mainly attributable to softer overall market conditions and weaker customer demand throughout, although the Group has made overall cost reductions, the situation remains that there are insufficient customer orders during FY2025.

# Management Discussion and Analysis

The Group sells its camera products mainly to customers in the European Union and US. The following table sets out the breakdown of revenue by location of customers for the periods indicated:

	2025 HK\$'000	2024 HK\$'000
European Union	122,392	137,615
United States of America	55,198	80,113
Mainland China	17,058	37,358
Hong Kong	26,861	9,517
Australia	54,572	22,223
Other countries/regions	12,837	9,582
	<b>288,918</b>	<b>296,408</b>

## **Cost of sales**

Cost of sales represents costs and expenses directly attributable to the manufacture of the Group's products which comprise (i) raw materials, components and parts, including, among others, key components such as digital signal processors, lenses and sensors; (ii) direct labour; (iii) production overhead, mainly including depreciation of production equipment and indirect labour, and (iv) On-demand Delivery System Service fees and platform fees.

For FY2025, cost of sales of the Group amounted to approximately HK\$228.9 million (FY2024: approximately HK\$237.2 million), representing a decrease of approximately 3.5% as compared to FY2024, and the cost of sales accounted for approximately 79.2% of the Group's turnover in FY2025 (FY2024: approximately 80.0%). The decrease in cost of sales was mainly attributable to lower shipment volumes of manufactured digital imaging products and other merchandise, which in turn led to a corresponding reduction in material costs, labour costs and other related expenses.

## **Gross profit and gross profit margin**

The Group recorded a gross profit of approximately HK\$60.0 million for FY2025 (FY2024: approximately HK\$59.2 million), representing an increase of approximately 1.3% as compared to FY2024. The gross profit margin increased from approximately 20.0% for FY2024 to approximately 20.8% for FY2025. This increase was mainly attributable to the significant increase of approximately HK\$21.7 million in the gross profit of headphone product manufacturing service, directly increasing the gross profit margin of the Group by 6.5% during FY2025.

# Management Discussion and Analysis

## ***Other income and gains or loss***

Other income and gains or loss mainly include (i) bank interest income; (ii) exchange gains or loss arising mainly from fluctuations in exchange rate between the invoice and settlement dates of its sales and purchases and from translation of its US\$-denominated trade payables and receivables; (iii) government grants, which mainly consist of rewards and subsidies for research activities granted by the local government with no unfulfilled conditions or contingencies; (iv) gains on the disposal of property, plant and equipment; and (v) fair value gain on financial asset at fair value through profit or loss.

For FY2025, other income and other gains or loss of the Group decreased significantly, turning into other losses of approximately HK\$1.6 million. This was mainly attributable to the decrease of approximately HK\$8.2 million in exchange gains arising mainly from fluctuations in exchange rate between the invoice and settlement dates of its sales and purchases and from translation of its US\$-denominated trade payables and receivable during FY2025.

## ***Selling and distribution expenses***

Selling and distribution expenses mainly include (i) salaries and benefits of its sales and marketing staff; (ii) transportation costs for delivery of products; (iii) marketing, exhibition and advertising costs; and (iv) entertainment expenses relating to its sales and marketing activities.

For FY2025, selling and distribution expenses of the Group significantly decreased by approximately 14.6% to approximately HK\$18.8 million from approximately HK\$22.0 million for FY2024. The decrease was mainly due to a decrease of approximately HK\$1.0 million by approximately 10.2% in salaries and benefits of its sales and marketing staff and the Group's stringent cost control during FY2025.

## ***Administrative expenses***

Administrative expenses mainly include (i) salaries and benefits of the Group's management, administrative and finance staff; (ii) rental and office expenses; (iii) professional fees; and (iv) entertainment expenses.

For FY2025, administrative expenses of the Group moderately decreased by approximately 12.1% to approximately HK\$41.4 million (FY2024: approximately HK\$47.1 million). The decrease was mainly due to decrease of approximately HK\$4.2 million by approximately 19.2% in salaries and benefits of the Group's management, administrative and finance staff during FY2025.

## ***R&D costs***

R&D costs include (i) salaries and benefits of the Group's R&D and product planning staff; (ii) raw materials, components and parts used for R&D and product planning; and (iii) other miscellaneous costs and expenses such as rental fees, design service fees, depreciation and certification fees.

For FY2025, the Group recorded R&D costs of approximately HK\$23.0 million, which significantly decreased by approximately 24.3% from approximately HK\$30.4 million for FY2024. The decrease was mainly due to the decrease of approximately HK\$5.0 million by approximately 23.8% in salaries and benefits of the Group's R&D staff for FY2025.

# Management Discussion and Analysis

## ***Impairment loss***

Impairment loss include principally impairment losses of non-current assets.

For FY2025, impairment loss of the Group was approximately HK\$6.4 million, which significantly increased by approximately 98.5% from approximately HK\$3.2 million for FY2024. The increase mainly due to the Group's revenue has declined substantially from approximately HK\$715.1 million in FY2021 to HK\$288.9 million in FY2025 and the Group continues to record net losses. In view of this historical performance, management has adopted a more prudent set of financial projections. Even under these conservative forecasts, the value in use of the cash-generating unit remains below its carrying amount, resulting in the recognised impairment loss.

## ***Other expenses***

Other expenses include principally (i) prepayments and other receivables written off; (ii) (reversal of impairment losses)/impairment losses of trade and factoring receivables; and (iii) penalty.

For FY2025, other expenses of the Group decreased to approximately HK\$8.9 million from approximately HK\$9.5 million for FY2024. The decrease mainly consisted of the decrease of approximately HK\$2.6 million by approximately 28.0% for impairment losses of trade and factoring receivables.

## ***Loss on disposal of subsidiaries, net***

For FY2025, there was no loss on disposal of subsidiaries (FY2024: approximately HK\$18.8 million).

## ***Finance costs***

For FY2025, the finance costs of the Group increased to approximately HK\$7.8 million (FY2024: approximately HK\$2.5 million), representing an increase by approximately 210.6% as compared to FY2024. This increase was attributable to (i) the increase of approximately HK\$0.5 million by approximately 27.9% in the interest expense of bank borrowings, (ii) the increase of approximately HK\$0.4 million by approximately 40.9% in the interest expense on lease liabilities, and (iii) the net increase of approximately HK\$4.5 million in the interest expense – convertible bonds during FY2025.

## ***Net loss***

As a result of the foregoing, the Group recorded a loss of approximately HK\$48.0 million for FY2025 (FY2024: approximately HK\$86.6 million) (attributable to non-controlling interests is a loss of approximately HK\$8.8 million (FY2024: approximately HK\$20.6 million)).

# Management Discussion and Analysis

## **Liquidity and capital resources**

The Group's principal cash requirements are to pay for working capital needs, capital expenditures for the expansion and upgrade of production facilities. The Group meets these cash requirements by relying on cash flows generated from operating activities and proceeds from issue of shares as its principal sources of funding. The following table sets out its selected consolidated cash flow for the periods indicated:

	2025 HK\$'000	2024 HK\$'000
Net cash flows (used in)/generated from operating activities	(14,224)	8,942
Net cash flows (used in) investing activities	(17,509)	(1,159)
Net cash flows generated from/(used in) financing activities	51,250	(1,526)
Net increase in cash and cash equivalents	19,517	6,257
Cash and cash equivalents at beginning of year	38,450	35,352
Effect of changes in foreign exchange rate, net	3,511	(3,159)
Cash and cash equivalents at end of year	61,478	38,450

Net cash flow used in operating activities for FY2025 was approximately HK\$14.2 million, which primarily reflected (i) the adjusted loss before tax of approximately HK\$48.0 million; (ii) the decrease in trade and factoring receivables of approximately HK\$10.8 million; (iii) the decrease in inventory balances of approximately HK\$1.6 million; (iv) the decrease in other payables and accruals of approximately HK\$11.4 million; and (v) the increase in trade payables of approximately HK\$2.2 million.

Net cash flow used in investing activities for FY2025 was approximately HK\$17.5 million. This mainly consisted of net payment of approximately HK\$21.0 million for disposals and purchases of property, plant and equipment and intangible assets. During the second half of 2025, On-demand Delivery System Services for Superstore Chains, the Group ordered a batch of Delivery EVs, new energy batteries, and new energy charging equipment for an aggregate amount of approximately HK\$12.1 million. In addition, expenditures incurred for leasehold improvements and purchases of new machinery and other equipment amounted to approximately HK\$5.3 million and HK\$6.9 million respectively.

Net cash flow generated from the financing activities for FY2025 was approximately HK\$51.3 million, which was mainly reflected by (i) the net increase in the use of interest-bearing bank borrowings to repay trade payables of approximately HK\$1.7 million; (ii) the decrease in principal portion of lease payments of approximately HK\$10.9 million; (iii) the net increase in proceeds received under supplier finance arrangements of approximately HK\$15.6 million and (iv) the proceeds from issuance of convertible bonds of approximately HK\$44.9 million.

The Group's cash and cash equivalents were mainly denominated in US dollar ("US\$"), Hong Kong dollar ("HK\$"), Vietnamese Dong ("VNS") and Renminbi ("RMB") as at 31 December 2025.

# Management Discussion and Analysis

## ***Borrowings and the pledge of assets***

The Group's bank facilities with banks in Hong Kong and the PRC amounting to approximately HK\$108.3 million (FY2024: approximately HK\$54.9 million), of which approximately HK\$27.4 million (FY2024: approximately HK\$25.8 million) had been utilised as at the end of FY2025.

The bank loans as at 31 December 2025 were secured by the pledge of the life insurance policy and pledged bank deposits, personal guarantee executed by a controlling shareholder of the Company, corporate guarantee executed by two subsidiaries of the Group respectively.

All bank loans are denominated in the US\$ and RMB and repayable within one year. The secured bank loan carry effective interest rates ranging from 3.0% to 5.3% (At 31 December 2024: 3.0% to 6.6%) per annum.

The Group has entered into certain supplier finance arrangements with a PRC bank. Under these arrangements, the bank pays suppliers the amounts owed by the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant bank. The Group then settles with the bank between 173-180 days after settlement by the bank with interest ranges from 1.8%–1.9% per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices.

During the year ended 31 December 2025, in respect of bank loans with a carrying amount of HK\$5,276,000 (2024: HK\$17,660,000) as at 31 December 2025, the Group breached certain terms of the bank loans, which are primarily related to the tangible net worth of the Group. The short-term bank loans have been classified as current liabilities as at 31 December 2025. In any event, should the lender call for immediate repayment of the borrowing, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group. The bank loans of HK\$5,276,000 (2024: HK\$3,309,000) were subsequently settled as at the reporting date.

For details of the borrowings, please refer to note 27 to the consolidated financial statements contained in this report.

## ***Gearing ratio***

Gearing ratio is calculated by dividing total debt (which equals interest-bearing bank borrowings, convertible bonds and lease liabilities) by total equity as at the end of each period. The Group's gearing ratio as at 31 December 2024 and 31 December 2025 was approximately 75.1% and approximately 499.6%, respectively. The increase in gearing ratio was mainly due to (i) increase of approximately HK\$41.0 million in convertible bonds during FY2025; (ii) increase of approximately HK\$17.3 million by approximately 67.0% in interest-bearing bank borrowing during FY2025; and (iii) increase of approximately HK\$11.9 million by approximately 68.1% in lease liabilities during FY2025.

## ***Capital expenditure***

During FY2025, the Group invested approximately HK\$24.9 million (FY2024: approximately HK\$5.0 million) in fixed assets and intangible assets.

## ***Off balance sheet transactions***

During FY2025, the Group did not enter into any material off balance sheet transactions.

# Management Discussion and Analysis

## ***Foreign exchange exposure and exchange rate risk***

The Group has transactional currency exposure, which arises from sales or purchase by operating units in currencies other than the units' functional currencies. Approximately 89.3% (FY2024: 80.2%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sales, whilst approximately 29.4% (FY2024: 29.5%) of costs were denominated in their functional currencies.

During FY2025, there was no material impact to the Group arising from the fluctuation in the exchange rates of these currencies. The Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its foreign exchange exposure during FY2025 (FY2024: Nil). In addition, the Group did not have any foreign currency net investments which have been hedged by currency borrowing and other hedging investments.

## ***Events after the reporting period***

There are no significant events affecting the Group which occurred after the reporting period of the FY2025 and up to the date of this annual report.

## ***Treasury policies***

During FY2025, the Group did not have any investment under its treasury policies.

The Group has implemented its internal treasury investment policies since January 2015 (updated in December 2015), which provide the guidelines, requirements and approval process with respect to its treasury investment activities. It regularly evaluates the risks and returns of its wealth management products.

Under its treasury investment policies, the Group is only allowed to invest in wealth management products with the two lowest risk rating classified by the banks and debentures with ratings above "BBB" or "baa" or similar ratings. All the treasury products must also meet the following criteria: (i) be issued by well-recognised publicly-listed banks, (ii) no default history, and (iii) have a maturity term of less than one year or can be easily converted into cash in the market. Such treasury investment policies also provide that the outstanding balance of the Group's wealth management products shall not exceed 50% of its total amount of cash and cash equivalents and wealth management products. Any plan to increase this limit must be approved by the Board. No single investment can exceed 35% of the total amount invested.

The Group has an experienced management team and strict procedures in place to ensure the wealth management products are purchased in compliance with its internal policies and requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The management, internal auditors and the Board (including the independent non-executive Directors) regularly review its compliance with the treasury investment policies and assess the risks associated with these investments.

## ***Employees and emoluments policy***

As at 31 December 2025, the Group employed a total of 928 employees (31 December 2024: 764). The staff costs of the Group's continuing operations, excluding directors' emoluments and any contribution to pension scheme were approximately HK\$47.3 million for FY2025 (FY2024: approximately HK\$66.4 million), none (FY2024: Nil) of which are expenses for the Group's share option schemes. All of the Group's employees are paid a fixed salary and a bonus depending on their performance as determined by quarterly assessments. The Group seeks to provide compensation for its R&D staff at above-market levels to attract and retain talents. It regularly reviews

# Management Discussion and Analysis

compensation and benefit policies to ensure that its practices are in line with the market and in compliance with relevant labour regulations. To provide its employees, among others, additional incentives to enhance its business performance, the Group has adopted the pre-IPO share option scheme and the share option scheme, under which grantees are entitled to exercise the options to subscribe for shares of the Company (the “**Shares**”) subject to the terms and conditions of the respective schemes.

## ***Significant investments held***

There was no investment held by the Group with a value of 5% or more of the Company’s total assets during the FY2025.

## ***Commitment***

As at 31 December 2025, the Group’s capital commitment amounted to approximately HK\$0.5 million (31 December 2024: approximately HK\$2.0 million).

## ***Future plans for material investments or capital assets***

As at the date of this annual report, the Group did not have any plans for material investments or capital assets.

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

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2025.

## ***Contingent liabilities***

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

## ***Annual general meeting***

The annual general meeting of the Company (the “**AGM**”) is scheduled to be held on Friday, 29 May 2026. A notice convening the AGM will be issued and disseminated to the shareholders of the Company (the “**Shareholders**”) in due course.

## ***Dividends***

The Board do not recommend the payment of any final dividend for FY2025 (FY2024: Nil).

## ***Financial position as at 31 December 2025***

As at 31 December 2025, the Group’s total equity was approximately HK\$22.7 million (31 December 2024: approximately HK\$57.5 million), total assets amounted to approximately HK\$281.5 million (31 December 2024: approximately HK\$255.9 million) and total liabilities stood at approximately HK\$258.9 million (31 December 2024: approximately HK\$198.4 million).

## ***Closure of register of members***

The register of members of the Company will be closed from Monday, 25 May 2026 to Friday, 29 May 2026 (both days inclusive) during which period no transfers of Shares shall be effected. In order to determine the entitlement of the Shareholders to attend and vote at the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2026.

# Director and Senior Management

## Executive Director

**Mr. Tang Wing Fong Terry (鄧榮芳先生) (“Mr. Tang”)**, aged 68, is the Chairman of the Board (the “**Chairman**”), an executive Director and the chief executive officer of the Company and the founder of the Group. Mr. Tang is the chairman of the Nomination Committee and a member of the Remuneration Committee. He was appointed as the Chairman and an executive Director with effect from 18 December 2013. He has been the general manager of the Group and is a director of each of the subsidiaries of the Company. Mr. Tang is primarily responsible for the overall strategic planning and overseeing the general management of the Group. Mr. Tang has over 25 years of experience in the digital imaging, computer peripherals and consumer electronics industry.

Prior to establishing the predecessor business in 2000, Mr. Tang co-founded Peer Industries Limited, a company engaged in the trading of materials and production equipment for manufacturing computer diskettes, in 1992.

Mr. Tang received a part-time higher certificate of mechanical engineering from the Hong Kong Polytechnic University in 1982.

Mr. Tang’s interest in the Shares under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) is disclosed in the sections headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” and “Substantial Shareholders’ and Others’ Interests and Short Positions in Shares and Underlying Shares”, respectively, in this annual report.

## Independent Non-Executive Directors

**Ms. Lo Wan Man (盧韻雯女士), (“Ms. Lo”)**, aged 51, is an independent non-executive Director and the chairlady of both of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee. Ms. Lo joined the Group on 28 November 2022 and was appointed as an independent non-executive Director with effect from 28 November 2022.

She has over 20 years of experience in the areas of accounting, auditing and financial management for both listed and private companies in Hong Kong by working in an international accounting firm and various listed companies. She worked at Ernst & Young from March 2001 to December 2003 last as a senior accountant. She was employed by Emperor Motion Picture (Hong Kong) Limited as a finance manager from May 2004 to July 2008. She worked at New World Telecommunications Limited as a finance manager from July 2008 to March 2010. She was employed as a finance manager of Midland IC&I Limited from May 2011 to January 2014. She was employed by MCGI Consultancy Limited as a senior consultant from May 2015 to September 2022. She has been working at Acclime Corporate Services Limited as a director since October 2022. Since April 2019, she has been appointed as the company secretary and authorized representative of Man Shun Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1746). Ms. Lo has been appointed as an independent non-executive director of Risecomm Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1679) since May 2019, she has been appointed as the company secretary and authorized representative of K. H. Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1557) in October 2022 and Wei Yuan Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1343) in October 2025.

Ms. Lo is a member of the Hong Kong Institute of Certified Public Accountants since January 2003. She obtained a master of science in finance from City University of Hong Kong in November 2006.

# Director and Senior Management

**Mr. Wong Wai Ming (黃偉明先生) (“Mr. Wong”)**, aged 47, is an independent non-executive Director and a member of the Audit Committee. Mr. Wong joined the Group on 28 February 2023 and was appointed as an independent non-executive Director with effect from 28 February 2023.

Mr. Wong has over 20 years of experience in corporate finance, investor management, mergers and acquisitions, audit, financial risk management, and financial reporting and analysis in Hong Kong, Guangdong, Shenzhen and Beijing. Mr. Wong worked in various listed companies in Hong Kong as chief financial officer and was responsible for the supervision of financial management and investor relations matters. Mr. Wong is currently a vice president of Zhangzhou Wanhui Sanitary Ware Company Ltd. since November 2021. In January 2022, he was appointed as an independent non-executive director of Welife Technology Limited, a company incorporated under the laws of Cayman Islands and whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1703). From November 2021 to February 2022, he was the chief financial officer and the company secretary of Kingston Financial Group Limited, a company incorporated under the laws of Bermuda and whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1031). From May 2021 to November 2021, he was the chief financial officer of Space Group Holdings Limited, a company incorporated under the laws of Cayman Islands and whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2448). From April 2015 to May 2017, he was the chief financial officer and the company secretary of Bolina Holding Co., Ltd., a company incorporated under the laws of Cayman Islands and whose shares were then listed and traded on the Main Board of the Stock Exchange (Stock Code: 1190) (the listing of the shares of Bolina Holding Co., Ltd. was cancelled with effect from 10 March 2021). From November 2012 to March 2015, he was the chief financial officer of Century Sage Scientific Holdings Limited, a company incorporated under the laws of Cayman Islands and whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1450). Prior to that, Mr. Wong developed his audit and financial risk management professional experience in various international accounting firms and international financial institutions.

Mr. Wong graduated from the City University of Hong Kong with a bachelor’s degree in business administration (accountancy). He was admitted as a member of the Hong Kong Institution of Certified Public Accountants and certified as a qualified Financial Risk Manager by the Global Association of Risk Professionals.

# Director and Senior Management

**Mr. Lau Wai Leung Alfred (劉偉樑先生) (“Mr. Lau”)**, aged 46, is an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Lau joined the Group on 8 December 2023 and was appointed as an independent non-executive Director with effect from 8 December 2023.

Mr. Lau accumulated more than 20 years of working experience in accounting, corporate finance, debt restructuring and private equity investment. Mr. Lau was the company secretary of Risecomm Group Holdings Limited (“**Risecomm**”), a company listed on the Main Board of the Stock Exchange (Stock Code: 1679), from July 2020 to July 2023. Mr. Lau was a non-executive director of Risecomm from November 2017 to January 2019. He was subsequently re-designated as an executive director of Risecomm from January 2019 to June 2020 and was reappointed as an executive director from January 2021 to July 2023. He was an independent non-executive director of Xinming China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2699) from November 2021 to December 2024, and an independent non-executive director of Sau San Tong Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8200), from December 2016 to August 2025. Mr. Lau has been an independent non-executive director of Creative Global Technology Holdings Limited, a company listed on NASDAQ (stock code: CGTL), since November 2024, and an independent non-executive director of Jianzhi Education Technology Group Company Limited, a company listed on NASDAQ (Stock Code: JZ), since August 2022. He was an independent non-executive director of C&D Newin Paper & Pulp Corporation Limited (formerly known as Samson Paper Holdings Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 731), from July 2020 to May 2021 and he was redesignated as an executive director from May 2021 to January 2022.

He obtained a bachelor’s degree in business administration from the City University of Hong Kong in 2002. He is a member of the American Institute of Certified Public Accountants and a certified public accountant in Washington State of the United States of America.

## Senior Management

Our senior management is responsible for the day-to-day management of our business and comprises each of our executive Directors and the executives described below.

**Dr. Yum Tsz Yin (任子賢博士) (“Dr. Yum”)**, aged 47, is the director of marketing and strategic sales of the Group. Dr. Yum joined the Group in April 2016. He is primarily responsible for the sales, program and marketing of the Group. Dr. Yum has approximately 20 years of experience in product, business and brand management in the consumer electronics industry.

Prior to joining the Group, Dr. Yum worked at IDT International Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 0167) between August 2005 and September 2013 and Binatone Electronics International Limited (“**Binatone**”) between October 2013 and March 2016, with his last position in Binatone as the global product management director for Motorola baby, smart home, pet monitors and IOT products.

# Director and Senior Management

Dr. Yum obtained a bachelor's degree in electronic engineering and doctor's degree in philosophy from the City University of Hong Kong in 2002 and 2005, respectively.

**Mr. Tsui Chiu (徐超先生) ("Mr. Tsui")**, aged 48, is the head of product planning of the Group. Mr. Tsui joined the Group in April 2011. He is primarily responsible for leading the product planning activities of the Group. Mr. Tsui has more than 10 years of experience in product planning and management in the consumer electronics industry.

Prior to joining the Group, Mr. Tsui worked at the Hong Kong office of Radioshack between January 2005 and November 2007 and the China office of Office Depot between December 2007 and June 2010, both of which are well-known chain stores in the United States.

Mr. Tsui obtained a bachelor's degree in engineering and master's degree in philosophy from the Hong Kong Polytechnic University in 2001 and 2004, respectively.

There is no relationship as set out in paragraph 12 of Appendix D2 to the Listing Rules among the Directors and the senior management.

## Company Secretary

**Ms. Yeung Pui Yee Holly (楊霽宜女士) ("Ms. Yeung")**, aged 38, is the company secretary of the Company. She is also an authorized representative of the Company under Rule 3.05 of the Listing Rules (the "**Authorized Representative**") and the authorized representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Process Agent**"). Ms. Yeung was appointed as the company secretary, an Authorized Representative and the Process Agent of the Company on 8 October 2024.

Ms. Yeung is an associate member of The Hong Kong Chartered Governance Institute since September 2024. She has over 9 years of experience in corporate finance, corporate governance and company secretarial matters. Ms. Yeung obtained a degree of Bachelor of Business Administration in Accounting in 2010 and a master degree of Science in Professional Accounting and Corporate Governance in 2024 from the City University of Hong Kong, respectively.

## Change in Directors' Information

All the changes in the Directors' information (if any) subsequent to the date of release of the interim report of the Company for the six months ended 30 June 2025 are included in the section headed "Director and Senior Management" of this annual report.

# Corporate Governance Report

## Corporate Governance Practices

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of the Shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) set out in Part 2 of Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices. Throughout FY2025, the Company has complied with all applicable Code Provisions except for Code Provision C.2.1.

Pursuant to Code Provision C.2.1, the role(s) of chairman and chief executive should be separate and should not be performed by the same individual. As the duties of the Chairman and the chief executive of the Company are performed by Mr. Tang Wing Fong Terry, the Company has deviated from the Code Provision C.2.1. The Board considers that having Mr. Tang acting as both the Chairman and the chief executive officer of the Company will provide a strong and consistent leadership to the Company and allow for more effective planning and management for the Group. In view of Mr. Tang’s extensive experience in the industry, personal profile and critical role in the Group and its historical development, the Board considers that it is beneficial to the business prospects of the Group that Mr. Tang continues to act as both the Chairman and the chief executive officer of the Company. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

## Model Code for Securities Transactions by Directors

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 as its code of conduct governing its directors’ securities transactions. Specific enquiries have been made with all the Directors, they have confirmed that they have fully complied with the Model Code throughout FY2025.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “**Employees Written Guidelines**”), for securities transactions by relevant employees (including directors or employees of a subsidiary or holding company of the Company) who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company. In case when the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its Directors and relevant employees in advance.

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

# Corporate Governance Report

## The Board of Directors

### ***Responsibilities, Accountabilities and Contributions of the Board and Management***

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board shall take decisions objectively in the interests of the Company and the Shareholders at all times.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective operation. All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

### ***Delegation of management functions***

In general, the Board oversees the Company's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group's strategic objectives. The Board delegates the implementation of strategies and day-to-day operation of the Group to the management. The Company has adopted a formal schedule of functions reserved to the Board and delegated to the management.

### ***Delegation of corporate governance duties***

The Board has delegated the responsibility for performing corporate governance functions set out in the Code Provision A.2.1 to the Audit Committee.

### ***Board Composition***

Currently, the Board comprises one executive Director and three independent non-executive Directors. The Company has complied with rules 3.10 and 3.10A of the Listing Rules. Throughout FY2025 and save as disclosed in the paragraph headed "Corporate Governance Practices" above, the number of independent non-executive Directors represents more than one-third of the Board. As such, there exists a strong independent element in the Board, which can effectively exercise independent judgment.

The Board has also established mechanisms to ensure independent views are available to the Board, including providing the Directors with sufficient resources to perform its duties and shall seek, at the Company's expenses, independent professional advice to perform its responsibilities if necessary. All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. The Chairman will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns. Each of the Director will be required to declare his/her interests before the meeting. Any Director who has a conflict of interest in a matter to be considered by the Board will abstain from voting and will not be counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting. The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during FY2025.

# Corporate Governance Report

The Board comprises the following directors:

## Executive Director

Mr. Tang Wing Fong Terry (*Chairman*)

Mr. Liu Guofei (*Resigned on 9 May 2025*)

## Independent Non-executive Directors

Mr. Wong Wai Ming

Mr. Lau Wai Leung Alfred

Ms. Lo Wan Man

The brief biographic details of the existing Director are set out under the section headed “Directors and Senior Management” in this annual report. There are no relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board.

## Chairman and Chief Executive Officer

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has not segregated the roles of chairman and chief executive officer and Mr. Tang Wing Fong Terry currently holds both positions, as explained in the above paragraph headed “Corporate Governance Practices” in the section headed “Corporate Governance Report” of this annual report.

## Non-executive Director

The non-executive Director is expected to participate in the activities of the Board, particularly in the establishment of a selection process to ensure a mix of competent directors and officers, adoption of a system of internal checks and balances, scrutiny of the Company’s performance in achieving agreed corporate goals and objectives, and to ensure that the exercise of Board authority is within the powers conferred to the Board under the memorandum (the “**Memorandum**”) and articles of association (the “**Articles of Association**”) of the Company and applicable laws, rules and regulations.

# Corporate Governance Report

## Independent Non-executive Directors

The independent non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, finance and business. Their skills, expertise and number in the Board ensure that strong independent views and judgment are brought in the Board's deliberations and that such views and judgment carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain high standards of compliance in financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of the Shareholders and the Company.

Each independent non-executive Director has provided the Company with an annual confirmation of his/her independence. The Company considers all independent non-executive Directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

## Appointment, Re-Election and Removal of Directors

Executive Director and independent non-executive Directors of the Company are appointed for an initial term of three years commencing on the respective dates of their appointments. Each of their appointment can be terminated by either party giving not less than three months' prior notice in writing to the other.

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association. According to the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the Company's AGM. Any new director appointed by the Board to fill a casual vacancy shall offer himself/herself for re-election by Shareholders at the first AGM after his/her appointment and any new director appointed by the Board as an addition to the Board shall offer himself/herself for re-election by Shareholders at the next following AGM.

In accordance with the Articles of Association, Mr. Lau Wai Leung Alfred and Ms. Lo Wan Man shall retire at the forthcoming AGM. All of the retiring Directors, being eligible, will offer themselves for re-election as Directors at the AGM. The Board and the Nomination Committee recommend their reappointment.

The Company's circular, together with this annual report, sent to the Shareholders contains detailed information of the above two Directors proposed to be re-elected at the AGM as required by the Listing Rules.

## Nomination Policy

The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors of the Company. This also ensures that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirement of the Company's business.

# Corporate Governance Report

## ***Selection Criteria***

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- (1) reputation for integrity;
- (2) accomplishment and experience in the business in which the Group is engaged in;
- (3) commitment in respect of available time and relevant interest;
- (4) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), cultural and educational background and length of service;
- (5) qualifications which include professional qualifications, skills, knowledge and industry experience that are relevant to the Company's business and corporate strategy;
- (6) the number of existing directorships and other commitments that may demand the attention of the candidate;
- (7) requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rule 3.13 of the Listing Rules;
- (8) the diversity policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- (9) such other perspectives appropriate to the Company's business.

## ***Procedures for Nominating Director***

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (1) The Nomination Committee and/or Board will identify potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;
- (2) The Nomination Committee and/or the company secretary of the Company will provide the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;
- (3) The Nomination Committee will make recommendation to the Board on the proposed candidate(s) and the terms and conditions of the appointment;
- (4) The Nomination Committee should ensure that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

# Corporate Governance Report

- (5) In the case of the appointment of an independent non-executive director, the Nomination Committee and/or the Board should obtain all information in relation to the proposed director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and
- (6) The Board will then deliberate and decide on the appointment based upon the recommendation of the Nomination Committee.

## **Monitoring and Reporting**

The Nomination Committee monitors the implementation of the Nomination Policy and reports to the Board annually.

## **Diversity Policy**

The Group adopted a board diversity policy (the “**Diversity Policy**”) which sets out the approach to achieve diversity on the Board. The Company believes that a diversified perspective can be achieved through implementation of the Diversity Policy. The diversity of the Board members should be assessed on a diversity of perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on objective criteria, merit and contribution that the selected candidates will bring to the Board having due regard for the benefits of diversity on the Board.

To ensure gender of the members of the Board is diversified and avoid the Board be composed by members of the same gender, the Board aims to appoint or maintain at least one director being different sex from the others in the composition of the Board. The Board delegated certain duties under the Diversity Policy to the Nomination Committee. The Nomination Committee will discuss and review the necessity to set any measurable objectives for implementing the Diversity Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Board will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness.

The Company is also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) and employees to enhance the effectiveness of corporate governance.

As at the date of this annual report, the Board consists of three male members and one female member. The Nomination Committee considered that the Board was sufficiently diverse in terms of gender and the Board had not set any measurable objectives. The Company has also reviewed the structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation. The Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female member over time as and when suitable candidates are identified. The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Currently, the male to female ratio in the workforce of the Group including Senior Management is approximately 1:1.47. The Board considers that the gender diversity in workforce is currently achieved.

# Corporate Governance Report

## Continuous Professional Development of Directors

Upon appointment, each new Director receives an induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director, to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The existing Directors are continually updated on changes and developments to the Group's business and in the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities. Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses at the Company's expenses. Directors are requested to provide their training records to the Company for record.

All Directors confirmed that they had complied with Code Provision C.1.4 during FY2025 by attending seminars and briefings and reading relevant materials. All Directors had participated in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During FY2025 and up to the date of this annual report, the Directors participated in the following trainings:

	Attending seminars and/or conferences and/or forums relating to directors' duties or other relevant topics	Reading newspaper, journals and updates relating to the economy, general business or directors' duties etc
<b>Executive Director</b>		
Mr. Tang Wing Fong Terry ( <i>Chairman</i> )	✓	✓
Mr. Liu Guofei ( <i>Resigned on 9 May 2025</i> )	NA	NA
<b>Independent Non-Executive Directors</b>		
Mr. Wong Wai Ming	✓	✓
Mr. Lau Wai Leung Alfred	✓	✓
Ms. Lo Wan Man	✓	✓

# Corporate Governance Report

## Board Meetings

The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit and may determine the quorum necessary for the transaction of business. At least four regular Board meetings involving active participation, either in person or through electronic means of communication, of a majority of Directors will be held at approximately quarterly intervals in each financial year to comply with Code Provision C.5.1. All Directors will have the opportunity to include matters in the agenda for the regular board meetings. Notice of regular Board meetings will be dispatched to all Directors at least 14 days before the meeting, and agenda and accompanying board papers will be sent to all directors at least 3 days before the intended date of meeting. For other Board and committee meetings, reasonable notice is generally given. A meeting of the Board or any committee of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting.

When a Director and the enterprise(s) involved in a proposal of a Board meeting have material interests/conflict of interest, such Director shall not exercise his/her voting rights on such proposal nor shall he/she exercise any voting rights on behalf of other Directors.

Set out below are details of the attendance record of each Director at the Board and committee meetings of the Company held during FY2025:

Name of Directors	Attendance/Number of Meetings Held				
	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting
<b>Executive Director</b>					
Mr. Tang Wing Fong Terry ( <i>Chairman</i> )	4/4	NA	1/1	1/1	1/1
Mr. Liu Guofei ( <i>Resigned on 9 May 2025</i> )	2/2	NA	NA	NA	NA
<b>Independent non-executive Directors</b>					
Mr. Wong Wai Ming	4/4	3/3	NA	NA	1/1
Mr. Lau Wai Leung Alfred	4/4	3/3	1/1	1/1	1/1
Ms. Lo Wan Man	4/4	3/3	1/1	1/1	1/1

Apart from the above Board meetings, the Chairman also held a meeting with independent non-executive Directors without the presence of executive Directors during FY2025.

# Corporate Governance Report

During FY2025, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had put in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular quarterly meetings;
- annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors, providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

## Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for FY2025. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report of this annual report.

## Directors' and Officers' Liability Insurance

The Company has taken out liability insurance to indemnify its Directors and senior management for their liabilities arising from the performance of their duties. The insurance coverage is reviewed by the Company on an annual basis. No claim has been made against the Directors and senior management of the Company during FY2025.

## Board Committees

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All committees have been established with defined written terms of reference, which were posted on the website of HKExnews operated by Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's websites ([www.sky-light.com.hk](http://www.sky-light.com.hk)). All committees should report to the Board on their decisions or recommendations made.

All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

# Corporate Governance Report

## **Audit Committee**

The Company established its Audit Committee on 12 June 2015 with its written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial information and reporting process, risk management and internal control systems and effectiveness of internal audit function, to monitor scope of audit and nominate and monitor external auditors, and provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, being Ms. Lo Wan Man, Mr. Wong Wai Ming and Mr. Lau Wai Leung Alfred, all are independent non-executive Directors. Ms. Lo Wan Man currently serves as the chairlady of the Audit Committee.

During FY2025, the Audit Committee has held three meetings (the attendance records of each Audit Committee member are set out in the paragraph headed “Board Meetings” above) for discussion on the following issues arising from the audit and financial reporting matters:

- Review and discussion of the audited consolidated financial statements, results announcement and report for FY2024, unaudited interim condensed financial statements, results announcement and report for the six months ended 30 June 2025, the related accounting principles and practices adopted by the Group and the relevant audit/review findings, the report from the independence consultancy company on the Company’s internal control and risk management review and processes;
- Review the appointment of the external auditors;
- Review of the Group’s connected transactions (including continuing connected transactions) (if any);
- Review of and monitoring the Company’s corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Employees Written Guidelines, and the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report;
- Review the Anti-Bribery and Anti-Corruption Policy as well as the Whistleblowing Policy of the Group;
- Discussion of appointment of external service provider for review of the Group’s financial reporting process, risk management and internal control systems; and
- Review of the risk management and internal control systems and internal control function.

The external auditors were invited to attend the Audit Committee meetings held during FY2025 to discuss with the Audit Committee members on issues arising from the audit/review and financial reporting matters. The chairlady of the Audit Committee provided the Board with a briefing on the significant issues after each Audit Committee meeting.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management on the internal control, risk management and financial reporting matters, including the review of the audited annual results and annual report for FY2024 and the unaudited interim results and interim report for the six months ended 30 June 2025, and the review of the audited annual results and annual report for FY2025.

# Corporate Governance Report

## ***Nomination Committee***

The Company established Nomination Committee on 12 June 2015 with its written terms of reference by reference to the Code Provisions. To align with the Code Provisions, the terms of reference of the Nomination Committee were amended and approved on 31 March 2026. The primary duties of the Nomination Committee are to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, procedures for nomination and appointment, to assess the independence of independent non-executive Directors; and to make recommendations to the Board on the selection of candidates for any Director and senior management positions. The Nomination Committee comprises three members, being Mr. Tang Wing Fong Terry (executive Director and Chairman), Ms. Lo Wan Man (independent non-executive Director) and Mr. Lau Wai Leung Alfred (independent non-executive Director). Mr. Tang Wing Fong Terry currently serves as the chairman of the Nomination Committee.

During FY2025, the Nomination Committee has held one meeting (the attendance records of each Nomination Committee member are set out in the paragraph headed “Board Meetings” above) and performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Identify individuals suitably qualified to become board members and make recommendations to the Board;
- Review the Diversity Policy and any measurable objectives;
- Assessment of the independence of all the Company’s independent non-executive Directors; and
- Review of the composition of the senior management.

## ***Remuneration Committee***

The Company established Remuneration Committee on 12 June 2015 with its written terms of reference in compliance with the Listing Rules. The primary duties of the Remuneration Committee include, but are limited to, the following: (i) making recommendations to the Board on the Company’s policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all executive Directors and senior management and making recommendations to the Board on the remuneration of non-executive Directors; (iii) reviewing and approving the management’s remuneration proposal with reference to corporate goals and objectives resolved by the Board from time to time; and (iv) considering and approving matters relating to share schemes under Chapter 17 of the Listing Rules. The Remuneration Committee consists of three members, being Ms. Lo Wan Man (independent non-executive Director), Mr. Tang Wing Fong Terry (Executive Director and Chairman) and Mr. Lau Wai Leung Alfred (independent non-executive Director). Ms. Lo Wan Man currently serves as the chairlady of the Remuneration Committee.

# Corporate Governance Report

Pursuant to Code Provision E.1.5, the annual remuneration of the members of the senior management, including those members of senior management who are also executive Directors, by band for FY2025 is set out below:

Remuneration band (HK\$)	Number of individual
500,001–<1,000,000	2
1,000,001–1,500,000	1

Details of the remuneration of each director of the Company and compensation of key management personnel of the Group for FY2025 are set out in note 12, note 13 and note 40 to the consolidated financial statements contained in this annual report, respectively.

The Company has adopted the model that the Remuneration Committee make recommendations to the Board on the remuneration package of individual executive Directors and senior management under the Code Provision E.1.2(c)(ii). In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each Director's workload, responsibility and job complexity are taken into account. The following factors are considered when determining the remuneration packages of Directors and senior management of the Company:

- business requirements;
- individual performance and contribution;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

During FY2025, the Remuneration Committee has held one meeting (the attendance records of each Remuneration Committee member are set out in the paragraph headed "Board Meetings" above) to review and made recommendations on the remuneration packages of certain Directors and senior management and other related matters. The Remuneration Committee considered that they are fair and reasonable. In addition, the Remuneration Committee has reviewed the share option scheme adopted by the Company on 12 June 2015 (the "**Share Option Scheme**"), which has expired on 12 June 2025. For FY2025, no share option granted or agreed to be granted to any selected participants pursuant to the Share Option Scheme.

# Corporate Governance Report

During the review process, no individual Director is involved in decisions relating to his/her own remuneration.

## Corporate Governance Function

The Board does not have a Corporate Governance Committee. The functions that would be carried out by a Corporate Governance Committee are performed by the Audit Committee and are as follows:

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

The corporate governance policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. The Board strives to comply with the Code Provisions and reviews its corporate governance policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of our operations with applicable laws and regulations.

During FY2025 under review, the Audit Committee has reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## External Auditors' Remuneration

The Company engaged D & Partners CPA Limited ("**D & Partners**") as its external auditors for FY2025. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors. The statement of external auditors of the Company about his reporting responsibilities on the Company's consolidated financial statements for FY2025 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to D & Partners, the Company's auditors, in respect of audit services for FY2025 was HK\$1.6 million. The audit fee was approved by the Board. No non-audit service was provided by D & Partners during FY2025.

The Board has proposed to re-appoint D & Partners as the auditors of the Company, which is subject to the approval by the Shareholders at the forthcoming AGM.

# Corporate Governance Report

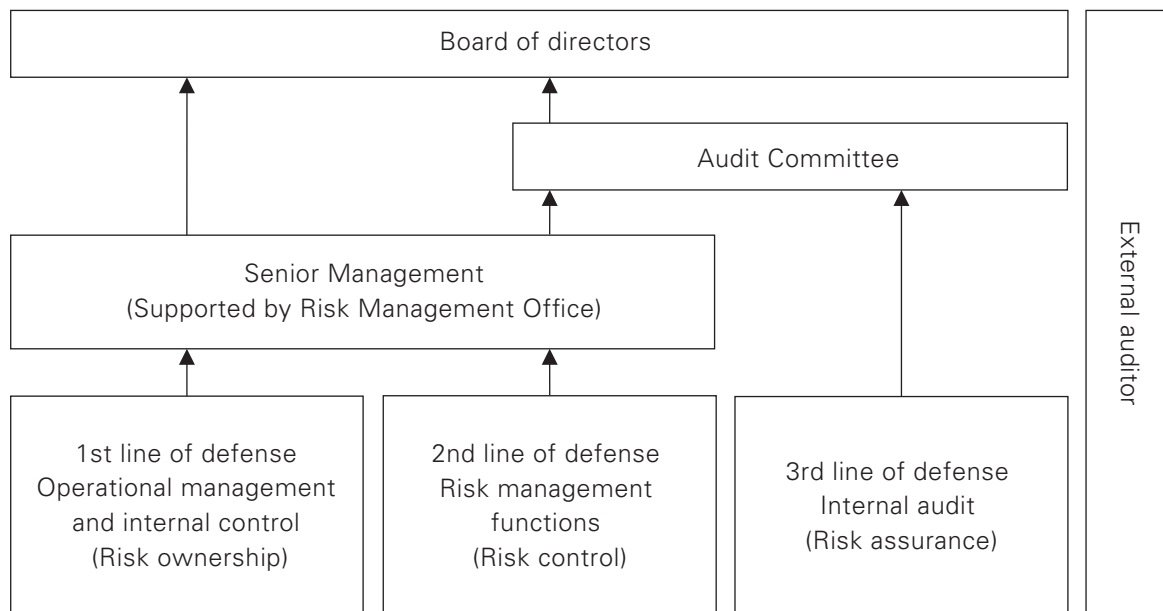
## Risk Management and Internal Control

The Board acknowledges its responsibility for overseeing the Group’s risk management and internal control systems and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group’s financial, operational, compliance, risk management and internal control, and the resourcing of the finance and internal audit functions.

The Company has established an organizational structure with defined levels of responsibility and reporting procedures. The risk management office of the Group (“**Risk Management Office**”) and internal audit functions of the Group (“**Group Internal Audit**”) assist the Board and/or the Audit Committee in the review of the effectiveness of the Group’s risk management and internal control systems on an ongoing basis. The Directors through these committees are kept regularly apprised of significant risks that may impact on the Group’s performance.

Appropriate policies and control have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group’s performance are appropriately identified and managed. The systems and internal control can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group’s risk management framework is guided by the “Three Lines of Defense” model as shown below:



The Risk Management Office, which co-ordinates enterprise risk management activities and reviews significant aspects of risk management for the Group, reports to the Audit Committee at each regularly scheduled meeting, including amongst other things, significant risks of the Group and the appropriate mitigation and/or transfer of identified risks. The operating units of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to Risk Management Office at each regularly scheduled meeting.

# Corporate Governance Report

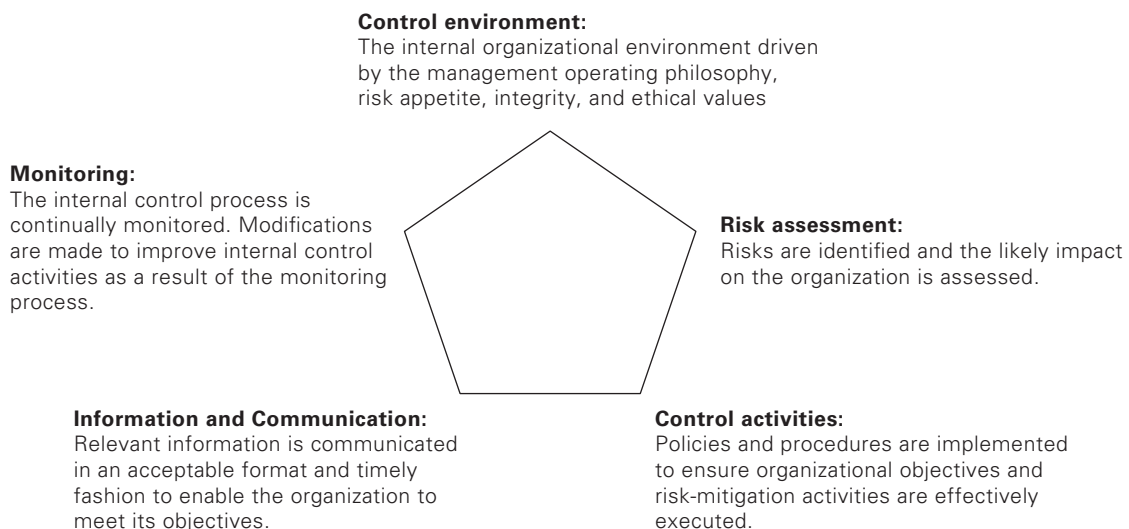
Group Internal Audit reports to the Audit Committee at each regularly scheduled meeting throughout FY2025, the results of their activities during the preceding period pertaining to the adequacy and effectiveness of internal control, including but not limited to, any indications of failings or material weaknesses in those control.

Group Internal Audit adopts a risk-and-control-based audit approach. The annual work plan of Group Internal Audit covers major activities and processes of the Group's operations, businesses and service units. Special reviews are also performed at management's request. The results of these audit activities are communicated to the Audit Committee and key members of executive and senior management of the Group. Audit issues are tracked, followed up for proper implementation, and their progress are reported to the Audit Committee and chief executive officer of the Group periodically.

Group Internal Audit provides independent assurance and report to the Board, the Audit Committee and the chief executive officer of the Group, who is also the Chairman, on the adequacy and effectiveness of internal control for the Group.

The senior management of the Group, supported by the Risk Management Office and monitored by the Group Internal Audit, is responsible for the design, implementation and monitoring of the risk management and internal control systems, and for providing regular reports to the Board and/or the Audit Committee on the effectiveness of these systems.

For many years, the Company has had an integrated approach for internal control which is consistent with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework.



Within this framework, management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal control. Other teams such as finance, legal, and human resources provide assistance and expertise to management to assist it in undertaking its responsibilities. The Board and Audit Committee oversee the actions of management and monitor the effectiveness of the established controls, assisted by assurance provided by the external and internal auditors. The Group's internal control framework is designed to manage rather than eliminate the risk of failure to achieve business objectives, and as such, provides reasonable (rather than absolute) assurance against material misstatement or loss.

# Corporate Governance Report

The Company has adopted policies and procedures for assessing and, where prudent, improving the effectiveness of its risk management and internal control systems, including requiring the executive management of the Group to regularly assess and, at least annually, to personally certify that such matters are appropriate and functioning effectively in the belief that this will enhance the corporate governance of the Company and its business practices in the future.

The Company has embedded its risk management systems into the core operating practices of the business. On an ongoing basis, the respective operating units of the Company will review and assess the status of potential risks which may impact on their ability to achieve their business objectives and/or those of the Company. This review process includes assessment as to whether the existing system of internal control continues to remain relevant, adequately addresses potential risks, and/or should be supplemented. The results of these reviews are recorded in the operating units risk registers for monitoring and incorporated into the Group's consolidated risk register for analysis of potential strategic implications and for regular reporting to the senior management and Directors of the Company.

The Audit Committee has established and oversees a whistleblower policy and a set of comprehensive procedures whereby employees, customers, suppliers and other concerned parties can report any actual or suspected occurrence of improper conduct involving the Company, and for such matters to be investigated and dealt with efficiently in an appropriate and transparent manner. The Audit Committee has designated the head of Group Internal Audit to receive on its behalf any such reports, to oversee the conduct of subsequent investigations, and to provide information, including recommendations for action resulting from investigation into complaints.

The Company regulates the handling and dissemination of inside information as set out in the Corporate Responsibility Policy and various subsidiary procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. During FY2025, the Risk Management Office has worked closely with the operating units, senior management, and the Directors to enhance the risk management systems. Such activities have included, amongst other matters, increasing the number of training sessions and risk workshops; further standardization of risk reporting language, classification, and quantification; more closely aligning the assessment of internal control with their potential risks; and increasing the depth and frequency of interaction with the designated directors on the Company's risk management system's design, operation, and findings. The Risk Management Office has presented update reports to the Board and the Audit Committee on the monitoring of the risk management and assisted the Directors in the review of the effectiveness of the risk management and internal control systems of the Group during FY2025.

During FY2025, Group Internal Audit conducted selective reviews of the effectiveness of the systems of risk management and internal controls of the Group over financial, operational and compliance controls with emphasis on information technology and security, data privacy and protection, business continuity management and procurement. Additionally, the heads of major business and corporate functions were required to undertake control self-assessments of their key controls. These results were assessed by Group Internal Audit and reported to the Audit Committee, which then reviewed and reported the same to the Board and appropriate actions are taken. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for FY2025.

# Corporate Governance Report

During FY2025, the Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the Group's financial position or results of operations and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions. The Board considered that the Group's risk management and internal control system are adequate and effective and the Company has complied with the Code Provision on risk management and internal control of the CG code in force.

In addition to the review of risk management and internal control undertaken within the Group, the external auditors also assessed the adequacy and effectiveness of certain key risk management and internal control as part of their statutory audits. Where appropriate, the external auditors' recommendations are adopted and enhancements to the risk management and internal control will be made.

## Company Secretary

The company secretary of the Company is Ms. Yeung Pui Yee Holly. Her biographical details are set out under "Directors and Senior Management" section in this annual report. Her primary contact person at the Company is Mr. Tang, executive Director and the chief executive officer of the Company. She has taken not less than 15 hours of relevant professional training.

## Dividend Policy

The Company has adopted a Dividend Policy. It aims to provide the Shareholders with stable and sustainable returns. In proposing any dividend payout, the Board shall take into account, inter alia, the Group's financial condition, working capital requirements and future expansion plans, actual operations and liquidity position, the Company's retained earnings, distributable reserves and cash flow situation, general economic condition and other factors that the Board considers appropriate.

## WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the company secretary of the Company who shall report to the chairman of the Audit Committee in confidence and anonymity. The chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.

## ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

# Corporate Governance Report

## Shareholders' Rights

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting. An AGM shall be called by notice of not less than 21 clear days. All other general meetings (including an extraordinary general meeting) must be called by notice of not less than 14 clear days.

### ***Shareholders to Convene an Extraordinary General Meeting***

Pursuant to article 58 of the Articles of Association, extraordinary general meetings shall be convened and add resolutions to the meeting agenda on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, in aggregate not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### ***Putting Enquiries by Shareholders to the Board***

Shareholders may send written enquiries to the Board for the attention of the company secretary at the Company's principal place of business in Hong Kong.

### ***Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meetings***

Shareholders of the Company are requested to follow article 58 of the Articles of Association for including a resolution at an extraordinary general meeting. The requirements and procedures are set out in the paragraph headed "Shareholders to Convene an Extraordinary General Meeting" above.

Pursuant to article 85 of the Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice signed by a Shareholder (other than the person to be proposed) in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office of the Company or at the Hong Kong branch share registrar and transfer office of the Company no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

The procedures for the Shareholders to propose a person for election as a Director is posted on the website of the Company. Shareholders or the Company may refer to the above procedures for putting forward any other proposals at general meetings.

### ***Voting by Poll***

Pursuant to Rule 13.39(4) of the Listing Rules and article 66(1) of the Articles of Association, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the proposed resolutions to be set out in the notice of AGM will be voted by poll.

# Corporate Governance Report

## Investor Relations

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the Shareholders in the following manner:

- Delivery of annual and interim results and reports to all Shareholders;
- Publication of announcements on the annual and interim results on the Stock Exchange's and the Company's websites, and issuance of other announcements and circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and Shareholders.

Shareholders or investors may also make enquires with the Company through the channels mentioned in the section headed "Putting Enquiries by Shareholders to the Board" above, and provide comments and recommendations to the Directors or managements at any time. Upon receipt of written enquiries from Shareholders, the Company will make responses to the Shareholders as soon as possible.

The Board regularly reviews our existing channels of communication with Shareholders and investors to make sure that they remain effective and provides recommendations for improvements when needed. The Board considers our current practices were all well-implemented throughout FY2025 and achieved satisfactory results.

## Constitutional Documents

The second amended and restated Memorandum and Articles of Association is available on the respective websites of HKEx news operated by Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<https://www.sky-light.com.hk>), respectively.

There were no changes to the Memorandum and Articles of Association in FY2025.

# Directors' Report

The Directors are pleased to present to the Shareholders this annual report and the audited financial statements for FY2025.

## Principal Activities

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 39 to the consolidated financial statements in this annual report.

## Results and Dividends

The results of the Group for FY2025 and the state of affairs of the Company and of the Group as at 31 December 2025 are set out in the consolidated financial statements on pages 67 to 159 in this annual report. The Board do not recommend any final dividend for FY2025 (FY2024: Nil).

During FY2025, there was no arrangement under which any Shareholders waived or agreed to waive any dividend.

## Closure of Register of Members

The register of members of the Company will be closed from Monday, 25 May 2026 to Friday, 29 May 2026, both days inclusive, during which period no transfers of Shares shall be effected. In order to determine the entitlement to attend and vote at the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2026.

## Financial Summary

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 160 of this annual report. The summary does not form part of the audited financial statements.

## Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group for FY2025 are set out in note 17 to the consolidated financial statements in this annual report.

## Bank Borrowings

Particulars of the bank borrowings of the Group as at 31 December 2025 are set out in note 27 to the consolidated financial statements in this annual report.

## Share Capital

Details of the movements in share capital of the Company during FY2025 are set out in note 33 to the consolidated financial statements in this annual report.

# Directors' Report

## Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

## Reserves

Details of the movement in reserves of the Company and the Group during FY2025 under review are set out in note 35 to the consolidated financial statements and the consolidated statement of changes in equity in this annual report, respectively.

## Distributable Reserves

As at 31 December 2025, the Company's reserves available for distribution as calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK\$18.3 million (2024: approximately HK\$39.8 million) including share premium of approximately HK\$820.5 million and accumulated losses of approximately HK\$802.2 million (2024: share premium of approximately HK\$820.5 million and accumulated losses of approximately HK\$780.7 million.).

## Charitable Donations

The Group has no charitable donations for FY2025 (FY2024: Nil).

## Major Suppliers and Customers

For FY2025, sales to the single top customer of the Group and the five top customers of the Group in aggregate accounted for approximately 25.7% (2024: approximately 27.4%) and approximately 72.7% (2024: approximately 65.2%) of the Group's total turnover respectively.

For FY2025, less than 30% of the Group's purchases were attributable to the Group's five largest supplier.

At all-time during FY2025, none of the Directors or any of their close associates or any Shareholders who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital (excluding treasury shares, if any) had an interest in any of the five largest customers.

## Business Review and Financial Key Performance

The business review of the Group for FY2025 is set out in the "Management Discussion and Analysis" of this annual report, which form part of this Directors' Report. An analysis of the Group's performance during FY2025 using financial key performance indicators is provided in the section headed "Financial Highlights" on page 2 of this annual report.

## Environmental Policies and Performance

The Group is highly aware of the importance of environment protection and has not noted any material non-compliance with all relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, labour practice and standard, product responsibility, anti-corruption, employment and the environment (including climate-related) aspects. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste.

We have completed our Environmental, Social and Governance (“**ESG**”) report which contains our ESG information in FY2025 and the requirements under the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules. The ESG report of the Company for FY2025 will be published at the same time of the publication of this annual report on the websites of HKExnews operated by Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.sky-light.com.hk](http://www.sky-light.com.hk)), respectively.

## Relationships with Stakeholders

The Group recognises that employees are its valuable assets. Thus, the Group recognises the accomplishment of its employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market level. Further, the Group provides a healthy and safe workplace for all employees during FY2025.

The Group also understands that it is important to maintain good relationship with business partners (including our customers and suppliers) and bank enterprises to achieve its long-term goals. During FY2025, there was no material or significant dispute between the Group and its business partners (including our customers and suppliers) or bank enterprises.

## Directors

The Directors during the FY2025 and up to the date of this annual report are:

### **Executive Director**

Mr. Tang Wing Fong Terry (*Chairman and Chief Executive Officer*)

Mr. Liu Guofei (*Resigned on 9 May 2025*)

### **Independent Non-executive Directors**

Mr. Wong Wai Ming

Mr. Lau Wai Leung Alfred

Ms. Lo Wan Man

# Directors' Report

In accordance with Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

In accordance with Article 84 of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation at every AGM and every Director shall be subject to retirement by rotation at AGM at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Lau Wai Leung Alfred and Ms. Lo Wan Man shall retire by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

## Directors' Remuneration and the Five Highest Paid Individuals

Details of directors' remuneration and those of the five highest paid individuals in the Group are set out in note 12 and note 13 to the consolidated financial statements in this annual report.

There was no arrangement under which a Director or the chief executive waived or agreed to waive any emolument during FY2025.

## Emolument Policy

The Directors and senior management receive compensation in the form of fees, salaries, benefits in kind and discretionary bonuses relating to the performance of the Company. The Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Group or executing their functions in relation to the Group's operations.

The Company reviews and determines the remuneration and compensation package of its Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective duties and responsibilities of its Directors and senior management and the performance of the Company. The Directors and employees of the Group may also receive options which may be granted under the Share Option Scheme.

## Directors' Service Contract

Each of the Directors has entered into a letter of appointment with the Company for a term of three years commencing from the appointment date, which was automatic extended for a further term of three years after expired, unless and until terminated by either party giving not less than three months' written notice to the other.

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of subsidiaries which is not determinable by the employer within one year without the payment of compensation (other than statutory compensation).

## Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or in existence during FY2025.

# Directors' Report

## Permitted Indemnity

According to the Articles of Association and subject to the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Hong Kong Companies Ordinance**”), every director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities to the fullest extent permitted by the Hong Kong Companies Ordinance which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The relevant provision of the Articles of Association was in force during the FY2025 and as at the date of this annual report. In addition, the Company has maintained appropriate directors and officers liability insurance cover for the directors and officers of the Company and its subsidiaries in respect of potential legal actions against them.

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/Nature of interest	Personal interests in Shares	Corporate interests in Shares	Total interests	Approximate percentage of total issued Shares <sup>(4)</sup>
Tang Wing Fong Terry (“Mr. Tang”)	Interest in a controlled corporation		327,717,600(L) <sup>(2)</sup>	428,203,557(L)	42.46%
	Beneficial owner	70,339,957(L)	30,146,000(L) <sup>(3)</sup>		

Notes:

- (1) The letter “L” denotes the Directors' long position in the Shares.
- (2) The disclosed interest represents the interest in 327,717,600 Shares beneficially held by Fortune Six Investment Limited, which is wholly-owned by Mr. Tang and he was deemed to be interested in the 327,717,600 Shares by virtue of Part XV of the SFO.
- (3) The disclosed interest represents the interest in 30,146,000 Shares beneficially held by Happy Bull Investment Limited, which is wholly-owned by Mr. Tang and he was deemed to be interested in the 30,146,000 Shares by virtue of Part XV of the SFO.
- (4) Based on a total of 1,008,587,455 Shares in issue as at 31 December 2025.

# Directors' Report

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any interest or short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' and Others' Interests and Short Positions in Shares and Underlying Shares

To the best knowledge of the Directors, as at 31 December 2025, the following persons (other than the Directors or chief executive of the Company), were directly or indirectly, interested in 5% or more of the Shares or short positions in the Shares and the underlying Shares of the Company, which are required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of total issued Shares <sup>(3)</sup>
Fortune Six Investment Limited <sup>(2)</sup>	Beneficial owner	327,717,600 (L) <sup>(1)</sup>	32.49%

Notes:

- (1) The letter "L" denotes a person's long position in the Shares.
- (2) The disclosed interest represents the interest in 327,717,600 Shares beneficially held by Fortune Six Investment Limited, which is wholly-owned by Mr. Tang and he was deemed to be interested in the 327,717,600 Shares by virtue of Part XV of the SFO. In addition, Mr. Tang is a director of Fortune Six Investment Limited.
- (3) Based on a total of 1,008,587,455 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any other corporation or individual (other than the Directors or chief executive of the Company) who had an interest or a short positions in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

Save as disclosed above, as at 31 December 2025, none of the Director is a director or employee of a company which had an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## Transaction, Arrangement or Contract of Significance

Save as disclosed in note 40 to the consolidated financial statements contained in this annual report, (i) no transactions, arrangements or contracts of significance to which the Company, any of its holding companies, its subsidiaries or its fellow subsidiaries was a party and in which a Director and/or any of its connected entity had a material interest, whether directly or indirectly; and (ii) no transaction, arrangement or contract of significance between the Company, any of its holding companies, its subsidiaries and the Company's controlling shareholder or any of its subsidiaries, subsisted at the end of FY2025 or at any time during FY2025.

There was no transaction, arrangement or contract of significance for the provision of services to the Group by a controlling Shareholder (as defined in the Listing Rules) or any of its subsidiaries had been entered into by the Group during FY2025 or subsisted as at 31 December 2025.

## Directors' Interest in Competing Business

During FY2025, none of the Directors nor his/her close associates (as defined under the Listing Rules) has any interest in a business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the Group's business.

## Deed of Non-Competition

Fortune Six Investment Limited and Mr. Tang Wing Fong Terry (collectively the "**Controlling Shareholders**") have entered into a deed of non-competition on 12 June 2015 (the "**Deed**") with our Company. Pursuant to the Deed, each of the Controlling Shareholders shall and shall procure that its associates (other than members of the Group) not be engaged, on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder, partner, agent or otherwise, in the existing business activities of our Group or in any other business that may compete, directly or indirectly with such business.

The Company has received confirmations from the Controlling Shareholders of their compliance with the terms of the Deed. The Controlling Shareholders declared that they have fully complied with the Deed for FY2025. The independent non-executive Directors have reviewed on the confirmations from the Controlling Shareholders and concluded that the Deed has been complied with and has been effectively enforced.

## Directors' Rights to Acquire Shares or Debenture

Save as disclosed under the section headed "Share Option Scheme" below, neither at the end of FY2025 nor at any time during FY2025 did there subsist any arrangements, whose objects were, or one of whose objects was, to enable the directors of the Group to acquire benefits by means of acquisition of shares or debentures in the Group or any other body corporate.

# Directors' Report

## Purchase, Sale or Redemption of Listed Securities

The Company is empowered by the applicable Companies Law, Cap. 22 of the Cayman Islands and the Articles of Association to repurchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange and the applicable laws of the Cayman Islands.

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company, including sale of treasury shares (as defined in the Listing Rules) ("**Treasury Shares**"), during FY2025.

As at the end of FY2025, there were no Treasury Shares held by the Company.

## Issue of Debenture

The Group has not issued any debentures during FY2025.

## Equity-Linked Agreement

Except for the Share Option Scheme and those disclosed under the section headed "Share Option Scheme" below, no equity-linked agreements were entered into by the Group during FY2025 or subsisted at the end of FY2025.

## Issue of Equity Securities or Sale of Treasury Shares for Cash

### *Placing of convertible bonds under general mandate*

1. On 23 May 2025, the Company entered into a placing agreement (the "**Previous Placing Agreement**") with Funderstone Securities Limited (the "**Placing Agent**"), pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for, the 5% coupon convertible bonds, which are convertible into ordinary Share(s) pursuant to the related instrument constituting such convertible bonds, in the principal amount of up to HK\$70,000,000 on a best effort basis to not less than six (6) placees who are independent third parties (the "**Previous Placing**").

Due to the placing period being expired on 14 June 2025 in the Previous Placing Agreement, the Company and the Placing Agent mutually agreed to terminate the Previous Placing Agreement under a new placing agreement entered into between the Company and the Placing Agent on 16 June 2025 (the "**New Placing Agreement**"), and the parties agreed that all obligations of the Company and the Placing Agent under the Previous Placing Agreement ceased and terminated as at 16 June 2025.

For details of the Previous Placing, please refer to the announcements of the Company dated 23 May 2025 and 16 June 2025.

# Directors' Report

2. On 16 June 2025, the Company entered into the New Placing Agreement with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for, the 8% coupon convertible bonds, which are convertible into Shares pursuant to the related instrument constituting such convertible bonds (the "**Convertible Bonds**"), in the principal amount of up to HK\$70,000,000 on a best effort basis to not less than six (6) placees who are independent third parties (the "**Placing**"). The maturity date falls on the expiry of eighteen (18) months of the date of issue of the Convertible Bond, which may be extended for six (6) months at the option of the Company (the "**Maturity Date**").

The initial conversion price is HK\$1.56 per Share, which represents a premium of approximately 54.46% over the closing price of HK\$1.01 per Share as quoted on the Stock Exchange on the date of the New Placing Agreement (i.e. 16 June 2025).

The Directors (including the independent non-executive Directors) are of the view that the Placing will raise extra cashflow for the Group's business operation and working capital requirements.

The Placing was completed on 4 July 2025. The Convertible Bonds in the aggregate principal amount of HK\$46,200,000 were placed by the Company to not less than six (6) placees pursuant to the New Placing Agreement. To the best of the Directors' knowledge, information and believe, having made all reasonable enquiries, all the placees and their respective ultimate beneficial owners are third parties independent of and not acting in concert with the Company (or its subsidiaries), its connected person(s) and their respective associate(s).

In the case of the conversion rights attaching to the HK\$46,200,000 Convertible Bonds (together with all the accrued and unpaid interest thereon up to and including the last day of the conversion period, being five (5) business days prior to the Maturity Date, after the extension of the Maturity Date) having been exercised in full at the initial conversion price of HK\$1.56 (subject to adjustment), a maximum of 34,321,390 conversion shares with aggregate nominal value of HK\$343,213.90 will be allotted and issued by the Company.

The gross proceeds from the Placing was HK\$46,200,000. The net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related cost and expenses incurred in the Placing) was approximately HK\$44,500,000. The net conversion price, after deduction of relevant expenses, was approximately HK\$1.30 per conversion share.

# Directors' Report

## *Use of Net Proceeds*

The following table sets forth a breakdown of the use of the net proceeds as at 31 December 2025, which has been utilised in the manner set out in the announcement of the Company dated 16 June 2025:

	Original allocation of net proceeds from Placing		Actual utilised amount as of 31 December 2025	Unutilised amount as of 31 December 2025
	Approx. %	HK\$ million	HK\$ million	HK\$ million
(a) General working capital for the imaging products segment in view of the US tariff saga	<b>34</b>	<b>15.130</b>	<b>15.130</b>	–
(b) General working capital for the On-demand Delivery System Services segment in view of its initial start-up phase	<b>33</b>	<b>14.685</b>	<b>14.685</b>	–
(c) Partly repay certain existing bank loans of the Group and a shareholder's loan in the amount of approximately HK\$39 million (as shown on the unaudited management accounts of the Group for the four (4) months ended 30 April 2025) at an interest rate of 3% per annum due to Mr. Tang Wing Fong Terry, a controlling shareholder, the chairman and an executive Director	<b>33</b>	<b>14.685</b>	<b>14.685</b>	–
<b>TOTAL</b>	<b>100</b>	<b>44.500</b>	<b>44.500</b>	–

# Directors' Report

## Dilutive impact of the conversion of Convertible Bonds

Set out below is the dilution effect on equity interest of the shareholding structure of the Company (i) as at 31 December 2025; and (ii) immediately upon full conversion of the Convertible Bonds (assuming that no other change in the issued share capital of the Company other than the conversion shares under the Convertible Bonds):

Shareholders	As at 31 December 2025		Upon full conversion of Convertible Bonds	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Mr. Tang (Note)	428,203,557	42.46	428,203,557	41.06
Bondholders	–	–	34,321,390	3.29
Public Shareholders	580,383,898	57.54	580,383,898	55.65
<b>Total</b>	<b>1,008,587,455</b>	<b>100</b>	<b>1,042,908,845</b>	<b>100</b>

Note: Out of the 428,203,557 Shares, Mr. Tang hold (i) 70,339,957 Shares personally; (ii) 327,717,600 Shares via Fortune Six Investment Limited, a company wholly-owned by Mr. Tang; and (iii) 30,146,000 Shares via Happy Bull Investment Limited, a company wholly-owned by Mr. Tang.

As at 31 December 2025, no Convertible Bonds have been converted into new Shares.

## Dilution impact on loss per share

For the FY2025, potential dilutive ordinary Shares in connection with the Convertible Bonds are not included in the calculation of diluted loss per Share because the Convertible Bonds has not been converted.

## Financial and liquidity position of the Group

The maturity date of the Convertible Bonds is eighteen (18) months, which may be extended for six (6) months at the option of the Company, from the date of the issue of the Convertible Bonds. Considering (a) the fact that the Convertible Bonds will become mature in 2027; (b) the fact that there are no circumstances leading to a possible indication that there may be an early redemption of the Convertible Bonds; and (c) the financial position and resources of the Group, it is expected that the Company will be able to meet its redemption obligations under the Convertible Bonds when it becomes due.

## Bondholders to convert or redeem

It would be equally financially advantageous for the bondholders to convert or redeem the Convertible Bonds based on the implied internal rate of return of the Convertible Bonds at the Company's share price of HK\$1.56 if the bondholder fully converts the Convertible Bonds on the Maturity Date (i.e. 4 July 2027).

For details of the Placing, please refer to the announcements of the Company dated 16 June 2025 and 4 July 2025.

Save as disclosed above, neither the Company nor any of its subsidiaries issued any equity securities (including securities convertible into equity securities) nor sold any treasury shares for cash (other than under the Share Option Scheme) during the FY2025.

# Directors' Report

## Share Option Scheme

The Share Option Scheme was conditionally adopted by the Shareholders on 12 June 2015, which became effective on 2 July 2015 (the "**Listing Date**") and has expired on 12 June 2025. The key terms of the Share Option Scheme are set out below:

- (1) The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:
  - (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
  - (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Eligible Participants refers to:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
  - (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
  - (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
  - (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
    - (a) contribution to the development and performance of the Group;
    - (b) quality of work performed for the Group;
    - (c) initiative and commitment in performing his/her duties; and
    - (d) length of service or contribution to the Group.
- (2) The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 80,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

# Directors' Report

- (3) The maximum entitlement of each Eligible Participant in any 12-month period up to the date of offer to grant shall not exceed 1% of the Shares in issue as at the date of offer to grant.

Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) that would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other schemes of the Company in the 12-month period up to and including the date of grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the official closing price of the Shares on the date of grant, in excess of HK\$5,000,000, such grant of options is subject to the approval of the independent non-executive Directors and the Shareholders in general meeting, with voting to be taken by way of poll.

- (4) An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.
- (5) An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.
- (6) Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period ending 12 June 2025.
- (7) The exercise price is determined by the directors of the Company at their discretion and will not be lower than the higher of: (a) the closing price of the ordinary Shares on the Stock Exchange at the offer date, which must be a trading day; (b) the average closing price of the ordinary Shares on the Stock Exchange for the 5 business days immediately preceding the offer date; (c) the nominal value of the Share.

As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme is Nil.

# Directors' Report

A summary of the movements of the share options granted by the Company pursuant to the Share Option Scheme during FY2025 are as follows:

Grantee name/category	Date of grant	Exercise period and Vesting period	Exercise price per Share (HK\$)	Closing price of Shares immediately before the date on which the Share Options were granted (HK\$)	Outstanding at 1 January 2025	Granted during FY2025	Exercised during FY2025	Lapsed during FY2025	Cancelled during FY2025	Outstanding as at 31 December 2025
<b>Former Director</b>										
Lu Yongbin	18.05.2017	Note 1	2.206	2.18	70,000	-	-	70,000	-	-
	26.04.2018	Note 2	0.94	0.90	168,000	-	-	84,000	-	84,000
<b>Employees</b>										
	18.05.2017	Note 1	2.206	2.18	1,576,000	-	-	1,576,000	-	-
Total:					1,814,000	-	-	1,730,000	-	84,000

Notes:

- On 18 May 2017, share options to subscribe for 15,000,000 Shares were granted to certain eligible participants pursuant to the Share Option Scheme based on the terms set out in the Company's announcement dated 18 May 2017. One-third of these share options became vested on 18 May 2018 and were exercisable at any time during the period commenced on 18 May 2018 and ended on 17 May 2023 (both dates inclusive), a further one-third became vested on 18 May 2019 and were exercisable at any time during the period commenced on 18 May 2019 and ended on 17 May 2024 (both dates inclusive), and the remaining one-third became vested on 18 May 2020 and shall be exercisable at any time during the period commenced on the 18 May 2020 and ending on 17 May 2025 (both dates inclusive).
- On 26 April 2018, share options to subscribe for a total of 12,522,000 Shares were granted to certain eligible participants of the Group pursuant to the Share Option Scheme based on the terms set out in the Company's announcement dated 26 April 2018. One-third of these share options became vested on 26 April 2019 and were exercisable at any time during the period commenced on 26 April 2019 and ended on 25 April 2024 (both dates inclusive), a further one-third became vested on 26 April 2020 and shall be exercisable at any time during the period commenced on 26 April 2020 and ending on 25 April 2025 (both dates inclusive), and the remaining one-third became vested on 26 April 2021 and shall be exercisable at any time during the period commenced on 26 April 2021 and ending on 25 April 2026 (both dates inclusive).
- No participant was granted with share options in excess of the individual limit as set out in the Share Option Scheme.
- During FY2025, no share options were granted by the Company pursuant to the Share Option Schemes. Given that no Share Option has been granted during FY2025, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during FY2025 divided by the weighted average number of Shares of the relevant class in issue (excluding Treasury Shares, if any) for FY2025.
- The total number of options available for grant under the Share Option Scheme as at 1 January 2025 and 12 June 2025 (the expiry date of the Share Option Scheme) were 77,328,000 Shares and Nil, respectively, representing approximately 7.7% and nil of the Company's issued share capital as at the respective dates.

# Directors' Report

The valuation of options granted under the Share Option Scheme was conducted based on the binomial model with the following assumptions:

At grant date	18 May 2017	26 April 2018
Expected volatility (per year)	57.63%–61.27%	59.03%–62.75%
Expected life of options (year)	6.0–8.0	6.0–8.0
Average risk-free interest rate (per year)	1.16%–1.22%	2.11%–2.13%
Expected dividend yield (per year)	5.32%	5.74%
Estimated rate of leaving service (per year)	25%	27.5%

The variables and assumptions used in computing the fair values of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The amount will either be transferred to share capital when the related share options are exercised, or be transferred to retained profits when the related share options expire or be forfeited.

No share option expense was recognized during FY2025 (FY2024: nil) in relation to the share options granted by the Company.

## Pension Scheme

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the PRC, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "**PRC Retirement Schemes**"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group operates a Mandatory Provident Fund scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

During FY2025, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2025 under the PRC Retirement Scheme and the MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

# Directors' Report

## CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

The Group has not conducted any non-exempt connected transaction or continuing connected transaction during FY2025. There were no connected transactions or continuing connected transactions during FY2025 that were subject to, among other things, the reporting, announcement or independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

## Related Party Transactions

The details of the related party transactions are set out in note 40 to the consolidated financial statements in this annual report and these related party transactions do not constitute connected and/or continuing connected transactions as defined in Chapter 14A of the Listing Rules for FY2025. The Company confirms that in relation to the related party transactions for FY2025, it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## Discloseable transaction in relation to share capital of JSC

1. On 7 July 2025, Sky Light International (Vietnam) Limited ("**SL Vietnam**"), an indirect non wholly-owned subsidiary of the Company, entered into a capital injection agreement with Sky Light Electronic Joint Stock Company ("**JSC**") (a company incorporated under the laws of Vietnam with limited liability and was owned as to 73.70%, 25.31% and 0.99% by SL Vietnam, Nguyen Thai Son (the "**JSC JV Partner**") and an independent third party, respectively as of 7 July 2025), whereby SL Vietnam agreed to subscribe for, and JSC agreed to allot and issue 2,495,500 new shares of JSC (the "**JSC Shares**") at an aggregate subscription price of US\$1,000,000 (equivalent to approximately HK\$7,800,000) as the general working capital of JSC (the "**Capital Injection**").
2. On 16 July 2025, Sky Light Imaging Limited ("**SL Imaging**"), an indirect wholly-owned subsidiary of the Company, entered into a loan capitalisation agreement with JSC, whereby SL Imaging agreed to subscribe for, and JSC agreed to allot and issue 5,046,285 new JSC Shares, at an aggregate issue price of US\$11,000,000 (equivalent to approximately HK\$85,800,000), for the capitalisation of the outstanding principal amount of approximately US\$11,000,000 of the loan due by JSC to SL Imaging (the "**Capitalisation**").
3. Following the completion of the Capital Injection and the completion of the Capitalisation, SL Vietnam entered into the sale and purchase agreement with the JSC JV Partner and JSC on 16 July 2025, whereby the JSC JV Partner agreed to sell, and SL Vietnam agreed to purchase, 2,348,675 JSC Shares at a consideration of US\$100,000 (equivalent to approximately HK\$780,000) (the "**Acquisition**"). The Acquisition was completed on 24 December 2025.

Following the completion of the Capital Injection, the Capitalisation and the Acquisition, the Group holds 99.45% of the total issued share capital of JSC, via SL Vietnam holding 69.45% and SL Imaging holding 30.00%, respectively.

For details, please refer to the announcement of the Company dated 16 July 2025.

# Directors' Report

## Discloseable transaction acquisition of assets

On 21 July 2025, 豐彩智能數字技術(深圳)有限公司 (Fengcai Intelligent Digital Technology (Shenzhen) Co., Ltd.\*) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into an asset procurement agreement with 北京匯森通科技有限公司 (Beijing Huisentong Technology Co., Ltd.\*) (the “**Vendor**”), for the acquisition of 3,200 Delivery EVs, 4,000 new energy batteries and 160 new energy charging equipment at the consideration of RMB20,000,000 (equivalent to approximately HK\$22,000,000) (inclusive of tax), for the establishment of the On-demand Delivery System Services for Superstore Chains of the Group. For details of the acquisition, please refer to the announcement of the Company dated 24 July 2025.

\* For identification purpose only

## Sufficiency of Public Float

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company was in compliance with the minimum public float requirements under the Listing Rules by maintaining its public float at the level of not less than 25% of its total issued Shares as required under the Listing Rules from 1 January 2025 up to the date of this annual report.

As at 31 December 2025, the Company's public float was 57.54% of its total issued Shares (excluding treasury shares, if any).

As at 31 December 2025, the composition of the ownership of the ordinary Shares listed on the Stock Exchange was as follows:

Shareholder Category	Number of Shares held	Approximate Percentage of total issued Shares
<b>Non-public shareholders:</b>		
Director and his close associates (including a substantial shareholder of the Company)	428,203,557	42.46%
<b>Public shareholders</b>	<b>580,383,898</b>	<b>57.54%</b>
<b>Total</b>	<b>1,008,587,455</b>	<b>100%</b>

Note: For details of the ownership of the ordinary Shares, please refer to the paragraphs headed “Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures” and “Substantial Shareholders' and Others' Interests and Short Positions in Shares and Underlying Shares” of the “Directors' Report” section of this annual report.

For the composition of the share capital of the Company as at 31 December 2025, please refer to note 33 to the consolidated financial statements contained in this annual report.

# Directors' Report

## Tax Relief

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

## Auditors

There has been no change in the Company's auditors in any of the preceding three years.

D & Partners will retire at the conclusion of the forthcoming AGM and be eligible to offer themselves for re-appointment.

By the order of the Board

**Tang Wing Fong Terry**

*Chairman*

Hong Kong

31 March 2026

# Independent Auditor's Report



**To the shareholders of Sky Light Holdings Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

## Opinion

We have audited the consolidated financial statements of Sky Light Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 67 to 159, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss 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 a summary of 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 (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have 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 matter

### How our audit addressed the key audit matter

#### *Impairment assessment on trade and factoring receivables*

Refer to notes 4(k) and 4(t) of material accounting policies, note 5(b)(ii) of key sources of estimation uncertainty and note 23 to the consolidated financial statements respectively.

At 31 December 2025, the carrying amount of trade and factoring receivables amounted to HK\$52,405,000 (net of impairment loss of HK\$27,563,000) which represented 18.6% of the Group's total assets. Assessment of the recoverability of trade and factoring receivables is involved a high level of management judgement. Management used a provision matrix to calculate expected credit losses ("ECL") for trade and factoring receivables based on the combination of individual and collective assessment. The calculation of ECL is based on the Group's historical default rates, forward-looking information, and specific factors that management considered in the estimation of ECL including the type of customers, ageing of the balances, recent historical payment patterns and forecast economic conditions.

We identified assessing the recoverability of trade and factoring receivables as key audit matter because the assessment of the recoverability of trade and factoring receivables and recognition of impairment losses were inherently subjective and required significant management judgement, which increased the risk of error or potential management bias.

Our procedures included but not limited to:

- For trade and factoring receivables with individually assessed credit risk exposure, discussing with management on the identification and analysed the recoverability of such receivables;
- For trade and factoring receivables with credit risk exposure assessed based on provision matrix, assessing the ECL provision by: (i) evaluating management's assumptions used in establishing the ECL provision matrix; (ii) examining the information used by management to form such judgements, including testing the accuracy of historical default data and ageing of trade and factoring receivables, and evaluating the adjustments made on the historical loss rates based on the forward-looking information; and (iii) examining the actual losses recorded during the current year; and
- Testing the ageing analysis of the trade and factoring receivable, on a sample basis, to the source documents, including sales invoices and good delivery notes.

# Independent Auditor's Report

## Key Audit Matters *(Continued)*

### Key audit matter

### How our audit addressed the key audit matter

*Impairment assessment on property, plant and equipment, intangible assets and right-of-use assets (collectively, the "long-term assets")*

Refer to notes 4(d), 4(e), 4(f) and 4(s) of material accounting policies, note 5(b)(iv) of key sources of estimation uncertainty and notes 17, 18 and 19 to the consolidated financial statements respectively.

As at 31 December 2025, the Group's long-term assets amounted to HK\$51,070,000 which represented 18.1% of the Group's total assets.

The Group incurred losses for the year ended 31 December 2025. This has increased the risk that the carrying amounts of long-term assets may be impaired.

During the year ended 31 December 2025, the impairment loss of HK\$6,447,000 was recognised in profit or loss.

Long-term assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The impairment test and assessment of long-term assets are largely based on management's expectations and estimates of future operating results of the Group's cash-generating units.

We focused on this area because of the significance of the long-term assets balance and the assessment involves significant judgements and estimates made by management.

Our procedures included but not limited to:

- Evaluating management's assumptions used in cash flow forecast by comparing against previous budget and reviewing management's long-term strategic plans and historical trend;
- Assessing methodologies and key assumptions used in external expert's evaluation report on fair value less cost of disposal; and
- Assessing the valuation model and the weighted average cost of capital used for value in use.

# Independent Auditor's Report

## Key Audit Matters *(Continued)*

### Key audit matter

### How our audit addressed the key audit matter

#### *Estimation of the allowance for slow moving inventories*

Refer to note 4(g) of material accounting policies, note 5(b)(iii) of key sources of estimation uncertainty and note 22 to the consolidated financial statements respectively.

As at 31 December 2025, the carrying amount of the Group's inventories amounted to HK\$76,234,000, net of allowance for inventories of HK\$58,900,000, which represented 27.1% of the Group's total assets.

The Group's principal activities are manufacture and distribution of home surveillance cameras, digital imaging products and other related products and provision of on-demand delivery system services. The Group's inventories are subject to the significant risk of obsolescence accompanied with the rapid technology development of digital products and expiry of retail products. Significant management judgement was accordingly involved when determining the extent of write-down of inventories to net realisable value.

We focused on this area because of the significance of the inventories balance and the management is required to estimate the respective future selling prices and selling costs to determine if any allowance should be made or should be reversed.

Our procedures included but not limited to:

- Evaluating the process, methods and assumptions used by management to noting any slow moving and obsolete inventories and make the allowance for inventories against slow-moving, excess and/or obsolete items;
- Testing inventories to assess if they are stated at the lower of cost or net realisable value by comparing the actual sales value to the carrying value of selected samples of inventories; and
- Testing on a sample basis the inventory ageing analysis of the Group at year end, and reviewing subsequent usage and sales of inventories after year end, taking into consideration the impact of changes in technology and customers' preference and our knowledge of the Group's business operations and the industry in which the Group operates.

# Independent Auditor's Report

## Key Audit Matters *(Continued)*

### Key audit matter

### How our audit addressed the key audit matter

#### *Valuation of convertible bonds*

Refer to note 4(l)(iv) of material accounting policies, note 5(b)(vi) of key sources of estimation uncertainty and note 32 to the consolidated financial statements respectively.

At the date of issue, the conversion option of the convertible bonds approximately HK\$8,470,000 was classified as equity component and was recognised as convertible bonds equity reserve.

As at 31 December 2025, the carrying amount of debt component was approximately HK\$40,950,000.

We identified the valuation of the convertible bonds issued by the Group as a key audit matter because the valuation model is sensitive to changes in certain key inputs including the discount rate and share prices that require significant management estimates.

Our procedures included but not limited to:

- Obtaining an understanding of the management's valuation processes and significant assumptions to assess if these approaches are in compliance with the requirements of HKFRS Accounting Standards and industry norms;
- Evaluating the Valuer's competence, capabilities and objectivity;
- Obtaining the detailed work of the Valuer to evaluate the accuracy and relevancy of key inputs used in the valuation;
- Evaluating and challenging the reasonableness and the appropriateness of the valuation methods used and the key assumptions applied based on our knowledge; and
- Assessing the reasonableness of the key inputs and assumptions, including the discount rate and share price based on our knowledge.

# 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 Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible 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 solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Independent Auditor's Report

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Ho Fung (practising certificate number: P07542).

### **D & PARTNERS CPA LIMITED**

Certified Public Accountants  
2201, 22/F., West Exchange Tower,  
322 Des Voeux Road Central, Sheung Wan,  
Hong Kong  
31 March 2026

# Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
CONTINUING OPERATIONS			
REVENUE	9	288,918	296,408
Cost of sales		(228,944)	(237,208)
Gross profit		59,974	59,200
Other income and (loss)/gains, net	9	(1,637)	7,188
Selling and distribution expenses		(18,780)	(21,997)
Administrative expenses		(41,395)	(47,089)
Research and development expenses		(23,041)	(30,446)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	10	(6,447)	(3,248)
Other expenses		(8,851)	(9,480)
Share of loss of an associate		–	(221)
Loss on disposal of subsidiaries, net	38	–	(18,837)
Finance costs	11	(7,824)	(2,519)
LOSS BEFORE TAX	10	(48,001)	(67,449)
Income tax expense	14	–	(1)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(48,001)	(67,450)
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	15	–	(19,144)
LOSS FOR THE YEAR		(48,001)	(86,594)
Attributable to:			
Owners of the Company		(39,159)	(65,996)
Non-controlling interests		(8,842)	(20,598)
		(48,001)	(86,594)

# Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Attributable to:			
Owners of the Company			
– from continuing operations		(39,159)	(55,957)
– from discontinued operations		–	(10,039)
		(39,159)	(65,996)
Non-controlling interests			
– from continuing operations		(8,842)	(11,493)
– from discontinued operations		–	(9,105)
		(8,842)	(20,598)
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	16		
Basic			
– from continuing and discontinued operations		HK(3.9) cents	HK(6.5) cents
– from continuing operations		HK(3.9) cents	HK(5.5) cents
Diluted			
– from continuing and discontinued operations		HK(3.9) cents	HK(6.5) cents
– from continuing operations		HK(3.9) cents	HK(5.5) cents

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
LOSS FOR THE YEAR	<b>(48,001)</b>	(86,594)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Exchange differences on translation of foreign operations	<b>3,696</b>	(3,760)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investment designated at fair value through other comprehensive income	<b>1,014</b>	(3,515)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	<b>4,710</b>	(7,275)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<b>(43,291)</b>	(93,869)
Attributable to:		
Owners of the Company	<b>(34,772)</b>	(71,305)
Non-controlling interests	<b>(8,519)</b>	(22,564)
	<b>(43,291)</b>	(93,869)
Attributable to:		
Owners of the Company		
– from continuing operations	<b>(34,772)</b>	(61,060)
– from discontinued operations	–	(10,245)
	<b>(34,772)</b>	(71,305)
Non-controlling interests		
– from continuing operations	<b>(8,519)</b>	(13,385)
– from discontinued operations	–	(9,179)
	<b>(8,519)</b>	(22,564)

# Consolidated Statement of Financial Position

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	17	26,916	11,236
Intangible assets	18	922	2,024
Right-of-use assets	19	23,232	15,250
Investments in associates	20	–	2,293
Equity investment designated at fair value through other comprehensive income (“FVTOCI”)	21	7,603	6,589
<b>Total non-current assets</b>		<b>58,673</b>	37,392
<b>CURRENT ASSETS</b>			
Inventories	22	76,234	79,847
Trade and factoring receivables	23	52,405	70,012
Financial assets at fair value through profit or loss (“FVTPL”)	24	5,502	5,382
Prepayments and other receivables	25	24,510	22,118
Restricted and pledged bank deposits	26	2,724	2,717
Cash and cash equivalents	26	61,478	38,450
<b>Total current assets</b>		<b>222,853</b>	218,526
<b>CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	27	43,020	25,759
Trade payables	28	69,782	68,028
Other payables and accruals	29	75,827	87,225
Lease liabilities	30	12,055	8,119
<b>Total current liabilities</b>		<b>200,684</b>	189,131
<b>NET CURRENT ASSETS</b>		<b>22,169</b>	29,395
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>80,842</b>	66,787

# Consolidated Statement of Financial Position

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	31	–	–
Lease liabilities	30	17,225	9,299
Convertible bonds	32	40,950	–
<b>Total non-current liabilities</b>		<b>58,175</b>	9,299
<b>Net assets</b>		<b>22,667</b>	57,488
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	33	10,086	10,086
Reserves	35	567	82,454
		<b>10,653</b>	92,540
Non-controlling interests	42	12,014	(35,052)
<b>Total equity</b>		<b>22,667</b>	57,488

Approved by the Board of Directors on 31 March 2026 and are signed on its behalf by:

**Mr. Tang Wing Fong Terry**  
*Director*

**Ms. Lo Wan Man**  
*Director*

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Share capital HK\$'000	Share premium HK\$'000 (Note 35(b)(i))	Fair value reserve of equity investment designated at FVOCI HK\$'000 (Note 35(b)(ii))	Capital reserve HK\$'000 (Note 35(b)(iii))	Share-based payment reserve HK\$'000 (Note 35(b)(iii))	Statutory reserve HK\$'000 (Note 35(b)(iv))	Foreign currency translation reserve HK\$'000 (Note 35(b)(v))	Convertible bonds equity reserve HK\$'000 (Note 35(b)(vi))	Other reserve HK\$'000 (Note 35(b)(viii))	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total Equity HK\$'000
At 1 January 2025	10,086	820,473*	(24,450)*	148,807*	1,201*	37,050*	(39,687)*	-*	-*	(860,940)*	92,540	(35,052)	57,488
Loss for the year	-	-	-	-	-	-	-	-	-	(39,159)	(39,159)	(8,842)	(48,001)
Other comprehensive income/(expense) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of equity investment designated at FVOCI, net of tax	-	-	1,014	-	-	-	-	-	-	-	1,014	-	1,014
Exchange differences on translation of foreign operations	-	-	-	-	-	-	3,373	-	-	-	3,373	323	3,696
Total comprehensive income/(expense) for the year	-	-	1,014	-	-	-	3,373	-	-	(39,159)	(34,772)	(8,519)	(43,291)
Change in ownership interest in a subsidiary without change of control	-	-	-	-	-	-	-	-	(15,978)	-	(15,978)	15,978	-
Decreasing non-controlling interest arising from loan capitalisation	-	-	-	-	-	-	-	-	(39,607)	-	(39,607)	39,607	-
Recognition of equity component of convertible bonds	-	-	-	-	-	-	-	8,470	-	-	8,470	-	8,470
Lapse/cancel of share option	-	-	-	-	(1,172)	-	-	-	-	1,172	-	-	-
At 31 December 2025	10,086	820,473*	(23,436)*	148,807*	29*	37,050*	(36,314)*	8,470*	(55,585)*	(898,927)*	10,653	12,014	22,667

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

Note	Attributable to owners of the Company										
	Share capital	Share Premium	Fair value reserve of equity investment designated at FVTOCI	Capital reserve	Share-based payment reserve	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	10,086	820,473*	(20,935)*	148,807*	4,692*	37,050*	(39,204)*	(818,322)*	142,647	(57,498)	85,149
Loss for the year	-	-	-	-	-	-	-	(65,996)	(65,996)	(20,598)	(86,594)
Other comprehensive expense for the year											
Changes in fair value of equity investment designated at FVTOCI, net of tax	-	-	(3,515)	-	-	-	-	-	(3,515)	-	(3,515)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(1,794)	-	(1,794)	(1,966)	(3,760)
Total comprehensive expense for the year	-	-	(3,515)	-	-	-	(1,794)	(65,996)	(71,305)	(22,564)	(93,869)
Partial disposal of subsidiaries	38(b)	-	-	-	-	-	83	-	83	(903)	(820)
Disposal of subsidiaries	38(a)	-	-	-	-	-	1,228	19,887	21,115	45,913	67,028
Lapse/cancel of share option	-	-	-	-	(3,491)	-	-	3,491	-	-	-
At 31 December 2024	10,086	820,473*	(24,450)*	148,807*	1,201*	37,050*	(39,687)*	(860,940)*	92,540	(35,052)	57,488

\* These reserve accounts comprise the consolidated reserves of HK\$567,000 (2024: HK\$82,454,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING AND DISCONTINUED OPERATIONS</b>			
Loss before tax:		<b>(48,001)</b>	(86,594)
Adjustments for:			
Finance costs		<b>7,824</b>	3,330
Interest income		<b>(905)</b>	(429)
Share of loss of an associate		<b>–</b>	221
Allowance for/(reversal of allowance for) inventories, net		<b>2,001</b>	(2,111)
Depreciation of property, plant and equipment	17	<b>4,736</b>	5,158
Depreciation of right-of-use assets	19	<b>11,151</b>	13,339
Amortisation of intangible assets	18	<b>914</b>	1,497
Early termination of right-of-use assets	9	<b>(152)</b>	(152)
Change in the fair value of the financial assets at FVTPL	9	<b>(120)</b>	(53)
Impairment loss of trade and factoring receivables, net		<b>6,788</b>	9,847
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets		<b>6,447</b>	10,551
Gain on disposal of property, plant and equipment	9	<b>(1,698)</b>	(2,376)
Trade and other payables written off	9	<b>(467)</b>	(158)
Gain on disposal of an associate	9	<b>(330)</b>	–
Loss on written off of intangible assets		<b>66</b>	–
Loss on disposal of subsidiaries, net		<b>–</b>	18,837
Operating loss before working capital changes		<b>(11,746)</b>	(29,093)
Decrease in inventories		<b>1,612</b>	39,143
Decrease/(increase) in trade and factoring receivables		<b>10,819</b>	(26,895)
(Increase)/decrease in prepayments and other receivables		<b>(2,392)</b>	6,023
(Increase)/decrease in restricted and pledged bank deposits		<b>(7)</b>	18
Increase in trade payables		<b>2,221</b>	15,302
(Decrease)/increase in other payables and accruals		<b>(11,398)</b>	7,775
Cash (used in)/generated from operations		<b>(10,891)</b>	12,273
Finance costs paid		<b>(3,333)</b>	(3,330)
Tax paid		<b>–</b>	(1)
Net cash flows (used in)/generated from operating activities		<b>(14,224)</b>	8,942

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Net cash flows (used in)/generated from operating activities – continued		(14,224)	8,942
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangible assets		(24,912)	(5,122)
Interest received		905	429
Proceeds from disposal of property, plant and equipment		3,875	3,530
Proceeds from disposal of an associate		2,623	–
Net cash inflow from disposal of subsidiaries	38	–	4
Net cash flows used in investing activities		(17,509)	(1,159)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds received under supplier finance arrangements		22,666	–
Repayments under supplier finance arrangements		(7,065)	–
New bank and other borrowings raised		27,419	25,759
Repayments of bank borrowings		(25,759)	(11,418)
Principal portion of lease payments		(10,940)	(15,867)
Proceeds from issuance of convertible bonds	32	44,929	–
Net cash flows generated from/(used in) financing activities		51,250	(1,526)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		38,450	35,352
Effect of foreign exchange rate changes, net		3,511	(3,159)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>61,478</b>	<b>38,450</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	26	61,478	38,450

# Notes to the Consolidated Financial Statements

31 December 2025

## 1. General Information

Sky Light Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 18 December 2013. The Company’s registered office address is P.O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 2 July 2015.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 39 to the consolidated financial statements.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000), unless otherwise stated.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Fortune Six Investment Ltd., a company incorporated in the British Virgin Islands, and Mr. Tang Wing Fong, Terry is the ultimate controlling party 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”). In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with the disclosure requirements by the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

## 3. Application of New and Amendments to HKFRS Accounting Standards

### **(a) Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

31 December 2025

## 3. Application of New and Amendments to HKFRS Accounting Standards

(Continued)

### (b) *New and amendments to HKFRS Accounting Standards in issue but not yet effective*

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>2</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to HKFRS 19	Amendments to Subsidiaries without Public Accountability: Disclosures <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all above new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

# Notes to the Consolidated Financial Statements

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. certain financial instruments that are measured at fair value).

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

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

### **(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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(a) Consolidation** *(Continued)*

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

#### **Changes in the Group's interests in existing subsidiaries**

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(b) Business combination and goodwill**

The acquisition method is used to account for the acquisition of a subsidiary in a business combination.

The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with HKFRS 9 in the profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identified assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

If the initial accounting for a business combinations incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised to reflect new information obtain about facts and circumstances that existed at the acquisition date that, if known, would have affect the amounts recognised at that date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(c) 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.

#### **(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 and 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 the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- 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 foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency 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

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### ***(d) 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 are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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 are 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	5%
Leasehold improvements	20%
Machinery	10% to 33%
Motor vehicles and related equipment	10% to 25%
Office and other equipment	20% to 33%

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

Construction in progress represents plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(e) Leases**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease based on the definition under HKFRS 16. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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

##### **Allocation of consideration to components of a contract**

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

##### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consented.

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

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### *(e) Leases (Continued)*

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

##### **Refundable rental deposits**

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.

##### **Lease liabilities**

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(e) Leases** *(Continued)*

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

##### **Lease modifications**

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

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

##### **Classification and measurement of leases**

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

##### **Allocation of consideration to components of a contract**

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### *(e) Leases (Continued)*

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

##### **Refundable rental deposits**

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### **Sublease**

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

##### **Lease modification**

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

#### **(i) Operating leases**

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

#### **(ii) Finance leases**

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

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

For a modification to a finance lease that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification; and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification. Otherwise, the Group accounts for the modification in accordance with the requirements of HKFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(f) Intangible assets**

#### **(i) Internally-generated intangible assets — research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

#### **(ii) Intangible assets acquired separately — software and trademarks**

Software and trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 3 to 10 years.

### **(g) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. 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. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

### **(h) Contract assets and contract liabilities**

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in Note 4(t) to the consolidated financial statements and are reclassified to receivables when the right to the consideration has become unconditional.

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

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### *(i) 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 instruments.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets 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 FVTPL are recognised immediately in profit or loss.

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

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(j) 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 market place concerned. 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.

#### **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.
- FVTOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and selling the financial assets. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

#### **Equity investments**

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group 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. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

### **(k) Trade, factoring 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 credit losses.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(I) 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.

#### **(i) Borrowings**

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

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

#### **(ii) 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.

#### **(iii) 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.

#### **(iv) Convertible bond**

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the debt component is recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### *(m) 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 industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

Revenue from the sale of goods through AI vending machines is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the retail products.

Revenue from provision of manufacturing services and technical services is recognised when the services are rendered.

Regarding to the On-demand delivery system services segment, (i) revenue from provision of services is recognised over time, based on output method that measures progress as the services are rendered; and (ii) revenue from sales of delivery electronic vehicles and accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

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. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

### **Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation**

#### **Output method**

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(n) 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.

#### **(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.

#### **(iii) Termination benefits**

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefits and when it recognises any related restructuring costs.

### **(o) Share-based payments**

The Group issues equity-settled share-based payments to certain directors and employees.

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

Where the terms of an equity-settled share-based payments are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based payments is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the share-based payments is recognised immediately. This includes any share-based payments where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new share-based payments is substituted for the cancelled share-based payments, and is designated as a replacement share-based payments on the date that it is granted, the cancelled and new share-based payments are treated as if they were a modification of the original share-based payments, as described in the previous paragraph.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(p) Borrowing costs**

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

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

### **(q) Government grants**

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

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

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

### **(r) Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because 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 those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### *(r) Taxation (Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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 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 the leasing liabilities and the related assets 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 difference 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 to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

# Notes to the Consolidated Financial Statements

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 each reporting date 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 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 cash-generating unit.

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

Impairment losses for cash-generating units are allocated pro rata amongst the assets of the cash-generating unit. 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 subject to impairment assessment under HKFRS 9**

The Group recognises a loss allowance for ECL on trade and factoring receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and factoring 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 past events and current conditions at the reporting date as well as the forecast of future economic conditions.

For all other 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 reporting date.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(t) Impairment of financial assets subject to impairment assessment under HKFRS 9** *(Continued)*

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

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date 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;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(t) Impairment of financial assets subject to impairment assessment under HKFRS 9** *(Continued)*

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

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 reporting date. 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 debtor 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 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

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### **(t) Impairment of financial assets subject to impairment assessment under HKFRS 9** *(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;
- 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, for example, 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. A write-off constitutes a derecognition event. Any recoveries made are recognised in profit or loss.

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

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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.

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. Material Accounting Policy Information *(Continued)*

### *(u) Provisions and contingent liabilities*

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

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

## 5. Critical Judgements and Key Estimates

### *(a) Critical judgements in applying accounting policies*

In the process of applying the accounting policies, the directors 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).

#### **Legal titles of the buildings**

As stated in note 17 to the consolidated financial statements, the titles of the buildings acquired were not transferred to the Group as at 31 December 2025. Despite the fact that the Group has not obtained the relevant legal titles, the directors determined to recognise the buildings as property, plant and equipment on the grounds that they expect the transfer of legal titles in future should have no major difficulties and the Group is in substance controlling the buildings.

# Notes to the Consolidated Financial Statements

31 December 2025

## 5. Critical Judgements and Key Estimates *(Continued)*

### **(b) Key sources of estimation uncertainty**

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

#### **(i) Useful lives and residual values of property, plant and equipment**

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end based on changes in circumstances.

The carrying amount of property, plant and equipment as at 31 December 2025 were HK\$26,916,000 (2024: HK\$11,236,000).

#### **(ii) Impairment of trade and factoring receivables**

The management of the Group estimates the amount of impairment loss for ECL on trade and factoring receivables based on the credit risk of trade and factoring 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 amount of trade and factoring receivables is HK\$52,405,000 (2024: HK\$70,012,000), net of allowance for impairment loss of HK\$27,563,000 (2024: HK\$20,744,000).

#### **(iii) Allowance for slow-moving inventories**

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

As at 31 December 2025, the carrying amount of inventories is HK\$76,234,000 (2024: HK\$79,847,000), net of allowance for slow moving inventories of HK\$58,900,000 (2024: HK\$56,899,000).

# Notes to the Consolidated Financial Statements

31 December 2025

## 5. Critical Judgements and Key Estimates *(Continued)*

### *(b) Key sources of estimation uncertainty (Continued)*

#### **(iv) Impairment of non-financial assets**

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### **(v) Fair value measurement of investment in unlisted equity**

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investment in Kandao Technology Co., Ltd. ("Kandao"), details of which are set out in note 21 to the consolidated financial statements, by considering information from a variety of sources, including the latest financial information, the historical data on market volatility as well as the price and industry and sector performance of Kandao.

The carrying amount of the investment in Kandao as at 31 December 2025 was HK\$7,603,000 (2024: HK\$6,589,000).

#### **(vi) Fair value measurement of convertible bonds**

The directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For the convertible bonds issued by the Company, assumptions are made based on quoted market rates adjusted for specific features of the instrument. The directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the convertible bonds.

At the date of issue, the conversion option of the convertible bonds approximately HK\$8,470,000 was classified as equity component and was recognised as convertible bonds equity reserve. As at 31 December 2025, the carrying amount of debt component classifying as non-current liabilities was approximately HK\$40,950,000.

#### **(vii) Income taxes**

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. Financial Risk Management

### (a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollars ("US\$") exchange rate and Renminbi ("RMB") exchange rate, with all other variables held constant, of the Group's loss before tax and the Group's equity.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in loss before tax HK\$'000	Increase/ (decrease) In equity* HK\$'000
<b>As at 31 December 2025</b>			
If HK\$ weakens against US\$	5	(1,487)	1,487
If HK\$ strengthens against US\$	5	1,487	(1,487)
If HK\$ weakens against RMB	5	(3,903)	3,903
If HK\$ strengthens against RMB	5	3,903	(3,903)
<b>As at 31 December 2024</b>			
If HK\$ weakens against US\$	5	(680)	680
If HK\$ strengthens against US\$	5	680	(680)
If HK\$ weakens against RMB	5	(2,744)	2,744
If HK\$ strengthens against RMB	5	2,744	(2,744)

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. Financial Risk Management *(Continued)*

### **(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and factoring receivables) and from its financing activities, including deposits with banks and financial institutions and foreign exchange transactions.

#### **(i) Credit risk of deposits with banks and financial institutions**

As at 31 December 2025 and 2024, all bank balances and bank deposits are held at reputable financial institutions and there is no significant concentration risk to a single counterparty and there is no history of defaults from these counterparties. The ECL is close to zero.

#### **(ii) Credit risk of trade and factoring receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group's largest customer shared nearly 48.2% and 44.0% respectively of the trade and factoring receivables as at 31 December 2025 and 2024. The Group has policies and procedures to monitor the collection of the trade and factoring receivables to limit the exposure to the non-recovery of the receivables and there is no recent history of default for the Group's largest customer.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade and factoring receivables generally are due within three months after the date of billing. Debtors with balances that are more than one month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and factoring receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The average ECL rate of trade and factoring receivables as at 31 December 2025 and 2024 is close to 34.5% and 22.9% respectively. Impairment loss of HK\$6,788,000 (2024: HK\$9,847,000) of trade and factoring receivables was recognised for the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. Financial Risk Management *(Continued)*

### *(b) Credit risk (Continued)*

#### **(iii) Credit risk of deposits and other receivables**

Deposits and other receivables were mainly rental deposit and utilities and trade deposits. The credit quality of deposits and other receivables has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. Given there is no history of defaults from these counterparties, the directors of the Company are of the opinion that the risk of default is not significant and does not expect any losses from non-performance by the counterparties. Therefore, ECL rate of the deposits and other receivables is assessed to be minimal.

### *(c) Liquidity risk*

The Group's policy is to regularly monitor its current and expected liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

During the year ended 31 December 2025, in respect of bank loans with a carrying amount of HK\$5,276,000 (2024: HK\$17,660,000) as at 31 December 2025, the Group breached certain terms of the bank loans, which are primarily related to the tangible net worth of the Group. The short-term bank loans have been classified as current liabilities as at 31 December 2025. The management reviews the terms of banking facilities and communicates with the bank on an annual basis. Under the maintained long-term relationship with the bank, the directors are confident that the probability of call for immediately repayment is low and the terms will be renewed in the following year. In any event, should the lender call for immediate repayment of the borrowing, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group. The bank loans of HK\$5,276,000 (2024: HK\$3,309,000) were subsequently settled as at the reporting date.

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

	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 31 December 2025</b>					
Trade payables	69,782	–	–	69,782	69,782
Other payables and accruals	37,026	–	–	37,026	36,761
Interest-bearing bank borrowings	43,605	–	–	43,605	43,020
Lease liabilities	12,977	6,605	11,613	31,195	29,280
Convertible bonds	–	51,759	–	51,759	40,950
<b>At 31 December 2024</b>					
Trade payables	68,028	–	–	68,028	68,028
Other payables and accruals	50,186	–	–	50,186	49,599
Interest-bearing bank borrowings	26,926	–	–	26,926	25,759
Lease liabilities	8,758	8,481	1,094	18,333	17,418

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. Financial Risk Management *(Continued)*

### *(d) Interest rate risk*

The Group's exposure to interest rate risk mainly arises from its bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates that vary with the then prevailing market condition.

At 31 December 2025 and 2024, it is estimated that a general increase/(decrease) of 100 basis points in interest rates, with all other variables held constant, would have increased/(decreased) the Group's loss for the year as follows:

Impact on loss for the year:

	2025 HK\$'000	2024 HK\$'000
Increase/(decrease) in interest rate 100 basis points	(207)	(154)
(100) basis points	207	154

### *(e) Categories of financial instruments*

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets:</b>		
Financial assets at FVTPL	5,502	5,382
Financial assets at FVTOCI	7,603	6,589
Financial assets at amortised cost	126,895	127,812
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	190,513	143,386
Lease liabilities	29,280	17,418

### *(f) Fair values*

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

# Notes to the Consolidated Financial Statements

31 December 2025

## 7. Fair Value Measurements

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

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the 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.

### (a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements using:			Total
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	2025 HK\$'000
<b>Recurring fair value measurements:</b>				
Financial assets at FVTPL				
Investment in a life insurance policy (*)	–	5,502	–	5,502
Financial assets at FVTOCI				
Unlisted equity investment	–	–	7,603	7,603
	–	5,502	7,603	13,105

Description	Fair value measurements using:			Total
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	2024 HK\$'000
<b>Recurring fair value measurements:</b>				
Financial assets at FVTPL				
Investment in a life insurance policy (*)	–	5,382	–	5,382
Financial assets at FVTOCI				
Unlisted equity investment	–	–	6,589	6,589
	–	5,382	6,589	11,971

(\*) The fair value of investment in life insurance policy is determined by reference to the Cash Surrender Value as provided by the insurance company.

# Notes to the Consolidated Financial Statements

31 December 2025

## 7. Fair Value Measurements *(Continued)*

### ***(b) Reconciliation of financial assets measured at fair value based on level 3***

	Financial assets at FVTOCI HK\$'000
At 1 January 2024	10,104
Fair value changes recognised in other comprehensive expense	(3,515)
At 31 December 2024 and 1 January 2025	6,589
Fair value changes recognised in other comprehensive income	1,014
At 31 December 2025	7,603

The total gain or loss recognised in other comprehensive income are presented in fair value changes of equity investments designated at fair value through other comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

### ***(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements***

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the Board of Directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

# Notes to the Consolidated Financial Statements

31 December 2025

## 7. Fair Value Measurements *(Continued)*

### *(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements (Continued)*

#### Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value assets	
					2025 HK\$'000	2024 HK\$'000
Unlisted equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	13.0% (2024: 15.0%)	Decrease	7,603	6,589
		Gross margin rate	40.6%-49.0% (2024: 48.9%)	Decrease		
		Sales growth rate	15.5% (2024: 20.0%)	Decrease		

During the two years, there were no changes in the valuation techniques used.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

## 8. Operating Segment Information

During the year ended 31 December 2025, the Group commenced the operation of on-demand delivery system services business.

The Group focuses primarily on the manufacture and distribution of home surveillance cameras, digital imaging products, other electronic products and provision of on-demand delivery system services during the year.

During the year ended 31 December 2024, the AI Vending Machines Business was disposed and classified as discontinued operations. Details of discontinued operations are set out in note 15.

# Notes to the Consolidated Financial Statements

31 December 2025

## 8. Operating Segment Information *(Continued)*

HKFRS 8 *Operating Segments* 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 in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers for the purposes of resource allocation and assessment of performance, contained profit or loss information of each product line and the Directors reviewed the financial results of the Group as a whole. During the reporting year, the operations of the Group constitute two reportable segments: Manufacture and sales of camera products and related accessories business and operation of on-demand delivery system services business.

The CODM reviews the Group's result by each of the business line in order to assess performance and allocation of resources. Other than segment results, no segment assets and liabilities are available for the assessment of performance and allocation of resources for the year as in the opinion of the directors, the cost to develop it would be excessive. The CODM reviews the segment results of the Group as a whole to make decisions.

	Continuing operations		
	Manufacture and sales of camera products and related accessories business HK\$'000	On-demand delivery system services business HK\$'000	For the year ended 31 December 2025 HK\$'000
Revenue from external customers	288,646	272	288,918
Cost of sales	(228,775)	(169)	(228,944)
Segment results	59,871	103	59,974
Other income and (loss)/gains, net			(1,637)
Finance costs			(7,824)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets			(6,447)
Unallocated expenses			(92,067)
Income tax expense			–
Loss for the year			(48,001)

# Notes to the Consolidated Financial Statements

31 December 2025

## 8. Operating Segment Information *(Continued)*

	Continuing operations	Discontinued operations	
	Manufacture and sales of camera products and related accessories business HK\$'000	Operation of AI vending machines HK\$'000	For the year ended 31 December 2024 HK\$'000
Revenue from external customers	296,408	3,542	299,950
Cost of sales	(237,208)	(3,505)	(240,713)
Segment results	59,200	37	59,237
Other income and gains			7,209
Share of loss of an associate			(221)
Finance costs			(3,330)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets			(10,551)
Loss on disposal of subsidiaries, net			(18,837)
Unallocated expenses			(120,100)
Income tax expense			(1)
Loss for the year			(86,594)

### ***Geographical information***

#### **(a) Revenue from external customers**

	2025 HK\$'000	2024 HK\$'000
United States of America	55,198	80,113
Mainland China	17,058	40,900
European Union	122,392	137,615
Hong Kong	26,861	9,517
Australia	54,572	22,223
Other countries/regions	12,837	9,582
	<b>288,918</b>	299,950

The revenue information above is based on the locations of the customers.

# Notes to the Consolidated Financial Statements

31 December 2025

## 8. Operating Segment Information *(Continued)*

### **Geographical information** *(Continued)*

#### **(b) Non-current assets**

	2025 HK\$'000	2024 HK\$'000
Mainland China	24,551	23,445
Hong Kong	1,323	127
Vietnam	24,231	3,304
Other countries/regions	965	1,634
	51,070	28,510

The non-current assets information above is based on the locations of the assets and excludes financial instruments and investments in associates.

### **Information about major customers**

Revenue derived from sales to individual customers, which accounted for 10% or more of the total revenue, is set out below:

	2025 HK\$'000	2024 HK\$'000
Customer A	74,325	81,347
Customer B	35,234	45,452
Customer C	54,572	N/A <sup>1</sup>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

# Notes to the Consolidated Financial Statements

31 December 2025

## 9. Revenue, Other Income and (Loss)/Gains, Net

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
<b>Revenue from contracts with customers</b>		
<b>Types of goods or services</b>		
Sale of industrial products	266,154	295,584
Provision of manufacturing services	22,492	824
Provision of on-demand delivery system services	272	–
<b>Total revenue from contracts with customers</b>	<b>288,918</b>	296,408
<b>Timing of revenue recognition</b>		
At a point in time	288,646	296,408
Over time	272	–
	<b>288,918</b>	296,408

The performance obligation for sale of industrial products is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

The performance obligation for provision of on-demand delivery system services is satisfied upon delivery of services and payment is received in advance or due on delivery.

Revenue from discontinued operations of operation of AI vending machines amounted to HK\$Nil (2024: HK\$3,542,000). The performance obligation for sale of goods through AI vending machines is satisfied upon delivery of the retail products and payment is due on delivery.

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
<b>Other income and (loss)/gains, net</b>		
Bank interest income	905	410
Change in the fair value of the financial assets at FVTPL	120	53
Early termination of right-of-use assets	152	152
Foreign exchange differences, net	(6,659)	1,551
Government grants:		
Related to income*	994	1,371
Gain on disposal of an associate	330	–
Gain on disposal of property, plant and equipment	1,698	2,376
Gain on disposal of scrap materials	8	453
Trade and other payables written off	467	158
Others	348	664
	<b>(1,637)</b>	7,188

\* The amount mainly represents rewards or subsidies for research and financing activities received from the local government without unfulfilled conditions.

# Notes to the Consolidated Financial Statements

31 December 2025

## 10. Loss Before Tax

The Group's loss before tax is arrived at after charging/(crediting):

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
Auditors' remuneration	1,600	1,550
Cost of inventories sold	200,064	220,725
Cost of services provided	28,880	16,483
Depreciation of property, plant and equipment	4,736	5,113
Depreciation of right-of-use assets	11,151	11,910
Amortisation of intangible assets (note (i))	914	1,497
Research and development expenses	23,041	30,446
Employee benefit expense (excluding directors' and chief executive's remuneration (note 12)):		
Wages and salaries	42,957	61,149
Pension scheme contributions (note (ii))	4,318	5,209
	47,275	66,358
Allowance for inventories	11,791	13,327
Reversal of allowance for inventories (note (iv))	(9,790)	(17,550)
Allowance for/(reversal of allowance for) inventories, net (included in cost of inventories sold)	2,001	(4,223)
Impairment loss of trade and factoring receivables (note (iii))	6,788	9,444
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	6,447	3,248

Note:

- (i) The amortisation of software is included in "Research and development expenses" and the amortisation of other intangible assets is included in "Selling and distribution expenses" in the consolidated statement of profit or loss.

# Notes to the Consolidated Financial Statements

31 December 2025

## 10. Loss Before Tax *(Continued)*

- (ii) The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the People's Republic of China, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group operates a Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

During the years ended 31 December 2025 and 2024, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2025 and 2024 under the PRC Retirement Scheme and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

- (iii) The impairment losses of trade and factoring receivables is included in "Other expenses" in the consolidated statement of profit or loss.
- (iv) The reversal of allowance for inventories for both years was mainly resulted from the utilisation of the inventories of which allowance had previously been provided.

## 11. Finance Costs

An analysis of finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Continuing operations</b>		
Interest on:		
Bank and other borrowings	2,110	1,651
Lease liabilities	1,223	868
Convertible bonds	4,491	–
	<b>7,824</b>	<b>2,519</b>

# Notes to the Consolidated Financial Statements

31 December 2025

## 12. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	870	1,054
Other remunerations:		
Salaries, allowances and benefits in kind	887	992
Performance related bonuses	–	–
Equity-settled share option expense	–	–
Pension scheme contributions	–	5
	887	997
	1,757	2,051

During the prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 34 to the consolidated financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

### (a) Independent non-executive directors

	2025				2024			
	Fees HK\$'000	Gain realised under share option scheme HK\$'000	Equity-settled share option expense HK\$'000	Total remuneration HK\$'000	Fees HK\$'000	Gain realised under share option scheme HK\$'000	Equity-settled share option expense HK\$'000	Total remuneration HK\$'000
Ms. Lo Wan Man	240	–	–	240	240	–	–	240
Mr. Wong Wai Ming	240	–	–	240	240	–	–	240
Mr. Lau Wai Leung Alfred	240	–	–	240	240	–	–	240
	720	–	–	720	720	–	–	720

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

# Notes to the Consolidated Financial Statements

31 December 2025

## 12. Directors' and Chief Executive's Remuneration (Continued)

### (b) Executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2025						
Executive directors:						
Mr. Tang Wing Fong Terry	–	887	–	–	–	887
Mr. Liu Guofei (note ii)	150	–	–	–	–	150
	150	887	–	–	–	1,037

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2024						
Executive directors:						
Mr. Tang Wing Fong Terry	–	884	–	–	1	885
Mr. Shan Chuanlong (note i)	154	108	–	–	4	266
Mr. Liu Guofei (note ii)	180	–	–	–	–	180
	334	992	–	–	5	1,331

Notes:

- i. Mr. Shan Chuanlong redesignated on 13 September 2024 from executive director to non-executive director of the Company and resigned as non-executive director with effect from 23 September 2024.
- ii. Mr. Liu Guofei appointed on 13 September 2024 as executive director of the Company and resigned as executive director with effect from 9 May 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2024: Nil).

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

# Notes to the Consolidated Financial Statements

31 December 2025

## 13. Five Highest Paid Employees

The five highest paid employees during the year included one director (2024: one), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the four (2024: four) highest paid employees who are neither a director nor chief executive of the Company during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	3,967	3,970
Equity-settled share option expense	–	–
Pension scheme contributions	107	106
	<b>4,074</b>	<b>4,076</b>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	2	2
	<b>4</b>	<b>4</b>

During the prior years, share options were granted to five non-director and non-chief executive highest paid employee in respect of their services to the Group, further details of which are included in the disclosure in note 34 to the consolidated financial statements. The fair value of such options which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the consolidated financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the year, no emoluments were paid by the Group to the above highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office.

# Notes to the Consolidated Financial Statements

31 December 2025

## 14. Income Tax Expense

Income tax expense has been recognised in profit or loss as following:

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Current tax:		
Hong Kong	–	–
Under-provision in prior year:		
– PRC CIT	–	1
	–	1

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. During the year ended 31 December 2025, there is no subsidiary (2024: Nil) of the Group qualified for the two-tiered Profit Tax rate regime.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatments were available for two (2024: two) of the Group's principal operating subsidiaries, Sky Light Electronic Shenzhen Limited ("Sky Light Shenzhen") and 西安天睿软件有限公司, since they were recognised as a High and New Technology Enterprise and entitled to a preferential tax rate of 15% during the year. Preferential tax treatments were available for one (2024: Nil) of the Group's principal operating subsidiaries, Fengcai Intelligent Digital Technology (Shenzhen) Co., Ltd. ("Fengcai Intelligent"), since it is qualified as a Micro and Small Enterprise. From 1 January 2023 to 31 December 2027, the annual taxable income not more than RMB3,000,000 of a micro and small enterprise is subject to the Enterprise Income Tax calculated at 25% of its taxable income at a tax rate of 20%.

The Group's subsidiaries in the United States are subject to the federal tax at a rate of 21% (2024: 21%), and also subject to the statutory applicable state corporate income tax at a rate of 7% (2024: 7%).

The Group's subsidiary in the United Kingdom is subject to corporate income tax at a rate of 19% (2024: 19%).

The Group's subsidiary in Vietnam is subject to corporate income tax at a rate of 20% (2024: 20%). Pursuant to the relevant laws and regulations in Vietnam, entities in Vietnam engaged in qualified investment projects are eligible for Vietnam CIT exemption for the first year to the second year, and a 50% reduction for the third year to the sixth year starting from the year in which the entities first generate income from the investment projects, on the assessable profits from such investment projects.

# Notes to the Consolidated Financial Statements

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## 14. Income Tax Expense *(Continued)*

No provisions for Mainland China, Vietnam, United States and United Kingdom corporate income tax have been made in the consolidated financial statements since the Group has no assessable profits derived for the year.

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

	2025 HK\$'000	2024 HK\$'000
Loss before tax from continuing operations	(48,001)	(67,449)
Tax at the PRC CIT rate of 25% (2024: 25%)	(12,000)	(16,862)
Tax effect of income that is not taxable	(1,657)	(493)
Tax effect of expenses that are not deductible	3,465	10,435
Tax effect of super-deduction of research and development costs	(5,182)	(6,752)
Tax effect of temporary differences not recognised	799	46
Tax effect of utilisation of tax losses not previously recognised	(2)	(447)
Tax effect of tax losses not recognised	13,976	13,190
Effect of different tax rates of subsidiaries	601	883
Under provisions in prior years	–	1
Income tax expense	–	1

## 15. Discontinued Operations

On 31 July 2024, the Company entered into a sale and purchase agreement with a third party to sell its entire equity interests in Hugo Investment Limited and its subsidiaries which were engaged in the AI Vending Machines Business, for a cash consideration of HK\$500,000. The disposal has been completed on 31 July 2024. Details of loss on disposal of subsidiaries are set out in note 38(a). Comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operations.

The loss for the year from the discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent AI Vending Machines Business as discontinued operations.

	2024 HK\$'000
Loss from the discontinued operations for the year	(19,144)
Loss on disposal of subsidiaries (note 38(a))	(26,869)
	(46,013)

# Notes to the Consolidated Financial Statements

31 December 2025

## 15. Discontinued Operations *(Continued)*

During the year ended 31 December 2024, the discontinued operations of the Group generated cashflow of HK\$1,986,000 in respect of operating activities, used cashflow of HK\$1,098,000 in respect of investing activities and used cashflow of HK\$1,861,000 in respect of financing activities.

The results of the discontinued operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2024 HK\$'000
REVENUE	3,542
Cost of sales	(3,505)
Gross profit	37
Other income and gains	21
Selling and distribution expenses	(4,016)
Administrative expenses	(6,253)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	(7,303)
Other expenses	(819)
Finance costs	(811)
LOSS BEFORE TAX	(19,144)
Income tax expense	–
LOSS FOR THE YEAR	(19,144)

# Notes to the Consolidated Financial Statements

31 December 2025

## 15. Discontinued Operations *(Continued)*

Loss for the year from discontinued operations has been arrived after charging:

	2024 HK\$'000
Cost of inventories sold	3,505
Depreciation of property, plant and equipment	45
Depreciation of right-of-use assets	1,429
Employee benefit expense (excluding directors' and chief executive's remuneration):	
Wages and salaries	4,019
Pension scheme contributions	161
	4,180
Allowance for inventories	2,112
Impairment loss of trade receivables	403
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	7,303

The carrying amounts of the assets and liabilities of the subsidiaries disposed at the date of disposal are disclosed in note 38(a).

## 16. Loss Per Share Attributable to Owners of the Company

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 1,008,587,000 (2024: 1,008,587,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share option schemes had an anti-dilutive effect on the basic loss per share amounts presented.

### (a) *From continuing and discontinued operations*

The calculations of basic loss per share are based on:

	2025 HK\$'000	2024 HK\$'000
<b>Loss</b>		
Loss attributable to owners of the Company used in the basic loss per share calculation	<b>(39,159)</b>	(65,996)

# Notes to the Consolidated Financial Statements

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## 16. Loss Per Share Attributable to Owners of the Company *(Continued)*

### *(a) From continuing and discontinued operations (Continued)*

	Number of shares	
	2025 '000	2024 '000
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	1,008,587	1,008,587
Basic	HK(3.9) cents	HK(6.5) cents
Diluted	HK(3.9) cents	HK(6.5) cents

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds and the exercise of share options since their assumed exercise would result in a decrease in loss per share.

### *(b) From continuing operations*

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2025 HK\$'000	2024 HK\$'000
Loss for the year from continuing operations	(39,159)	(55,957)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

### *(c) From discontinued operations*

For the year ended 31 December 2024, basic loss per share from discontinued operations was HK1.0 cent, which were calculated based on the loss from discontinued operations for the year of HK\$10,039,000 and the denominators detailed above.

# Notes to the Consolidated Financial Statements

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## 17. Property, Plant and Equipment

	Buildings HK\$'000	Leasehold improvement HK\$'000	Machinery HK\$'000	Motor vehicles and related equipment HK\$'000	Office and other equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>Cost</b>							
At 1 January 2024	4,510	24,867	165,368	6,449	17,344	1,070	219,608
Additions	–	688	2,869	–	1,152	258	4,967
Disposals	–	–	(13,549)	(4)	(2,806)	(473)	(16,832)
Written-off	–	–	–	–	(95)	–	(95)
Disposal of subsidiaries (note 38)	–	–	(25,715)	(3,183)	(2,249)	(455)	(31,602)
Exchange differences	(97)	(569)	(2,882)	(177)	(1,328)	(16)	(5,069)
At 31 December 2024 and 1 January 2025	4,413	24,986	126,091	3,085	12,018	384	170,977
Additions	–	5,265	5,011	12,736	1,900	–	24,912
Disposals	–	(1,305)	(8,069)	(1,713)	(2,241)	(151)	(13,479)
Transfer	–	–	36	–	–	(36)	–
Exchange differences	111	266	558	144	340	2	1,421
At 31 December 2025	4,524	29,212	123,627	14,252	12,017	199	183,831
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2024	2,048	23,559	155,200	5,592	17,145	–	203,544
Charge for the year	224	811	3,671	293	159	–	5,158
Disposals	–	–	(12,933)	(4)	(2,741)	–	(15,678)
Written-off	–	–	–	–	(33)	–	(33)
Disposal of subsidiaries (note 38)	–	–	(25,640)	(3,183)	(2,101)	–	(30,924)
Impairment loss	–	144	1,036	66	1,148	–	2,394
Exchange differences	(46)	(502)	(2,249)	(130)	(1,793)	–	(4,720)
At 31 December 2024 and 1 January 2025	2,226	24,012	119,085	2,634	11,784	–	159,741
Charge for the year	223	906	2,546	745	316	–	4,736
Disposals	–	(1,081)	(6,560)	(1,525)	(2,136)	–	(11,302)
Impairment loss	–	463	730	1,134	159	–	2,486
Exchange differences	59	312	576	(5)	312	–	1,254
At 31 December 2025	2,508	24,612	116,377	2,983	10,435	–	156,915
<b>Carrying amount</b>							
At 31 December 2025	2,016	4,600	7,250	11,269	1,582	199	26,916
At 31 December 2024	2,187	974	7,006	451	234	384	11,236

# Notes to the Consolidated Financial Statements

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## 17. Property, Plant and Equipment *(Continued)*

Certificates of ownership in respect of the buildings of the Group located in Mainland China with a net carrying value of HK\$2,016,000 as at 31 December 2025 (2024: HK\$2,187,000) have not yet been issued by the relevant Mainland China authorities. The Group is in the process of obtaining these certificates of the buildings.

### ***Impairment testing on non-current assets that has an indication of impairment***

During the year ended 31 December 2025 and 2024, as the Group incurred losses, the management of the Group concluded there was an indication of impairment and conducted impairment assessment on recoverable amounts of property, plant and equipment, intangible assets with finite life and right-of-use assets. The Group estimated the recoverable amount of the reportable segments, each represents an individual CGU. As the recoverable amount of certain CGUs are lower than the respective carrying amounts of property, plant and equipment, intangible assets with finite life and right-of-use assets, a total impairment loss of HK\$2,486,000, HK\$151,000 and HK\$3,810,000 (2024: HK\$2,394,000, HK\$231,000 and HK\$7,926,000) were recognised in the consolidated income statement for the year ended 31 December 2025 so arising from the CGU, respectively.

The recoverable amount of manufacture and sales of camera products and related accessories business is determined based on a value in use calculation covering a 5-year period. The revenue growth rates during the 5-year period are 5% (2024: 5.0%–14.4%) which is based on the management's estimation regarding new projects awarded. Cash flows beyond the 5-year period are extrapolated using a 2.0% (2024: 2.5%) growth rate and the cash flows are discounted using a discount rate of 15.7% (2024: 14.5%), with reference to the valuation report prepared by an independent qualified professional valuer, Masterpiece Valuation, using the Capital Assets Pricing Model, for the CGU. The discount rate used is pre-tax and reflects specific risks relating to the CGUs. Other key assumptions for the value in use calculation relate to the estimations of cash inflows/outflows which include gross margin and operating expenses, such estimations are based on the CGUs' past performance and management's expectations for the market development. The recoverable amount of this CGU is HK\$39,317,000 (2024: HK\$28,510,000).

The recoverable amount of operation of on-demand delivery system services business is determined based on a value in use calculation covering a 5-year period and discount rate of 18.7% (2024: Nil). Cash flows beyond the 5-year period are extrapolated using a 2.0% (2024: Nil) growth rate. The carrying amount of the relevant assets is HK\$11,753,000, which does not exceed the recoverable amount based on fair value less costs of disposal and no impairment has been recognised for this CGU.

# Notes to the Consolidated Financial Statements

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## 18. Intangible Assets

	Trademarks HK\$'000	Software HK\$'000	Total HK\$'000
<b>Cost</b>			
At 1 January 2024	525	18,656	19,181
Additions	–	155	155
Disposal of subsidiaries	(5)	–	(5)
Exchange differences	(6)	(449)	(455)
At 31 December 2024 and 1 January 2025	514	18,362	18,876
Written-off	(21)	(75)	(96)
Exchange differences	5	400	405
At 31 December 2025	<b>498</b>	<b>18,687</b>	<b>19,185</b>
<b>Accumulated amortisation and impairment losses</b>			
At 1 January 2024	395	15,110	15,505
Amortisation for the year	24	1,473	1,497
Disposal of subsidiaries	(5)	–	(5)
Impairment loss (Note 17)	11	220	231
Exchange differences	(6)	(370)	(376)
At 31 December 2024 and 1 January 2025	419	16,433	16,852
Amortisation for the year	18	896	914
Written-off	–	(30)	(30)
Impairment loss (Note 17)	9	142	151
Exchange differences	4	372	376
At 31 December 2025	450	17,813	18,263
<b>Carrying amount</b>			
At 31 December 2025	<b>48</b>	<b>874</b>	<b>922</b>
At 31 December 2024	95	1,929	2,024

# Notes to the Consolidated Financial Statements

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## 18. Intangible Assets *(Continued)*

Details of the impairment assessment of the Group's intangible assets with finite life are disclosed in note 17.

## 19. Right-Of-Use Assets

The Group has lease contracts for various items of buildings and leased properties used in its operations. Except for short-term leases or leases of low-value assets, lease contracts generally have lease terms from 2 to 5 years (2024: 2 to 5 years).

As at 31 December 2025, no new lease contract has been entered by the Group which have not yet commenced (2024: one).

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings HK\$'000	Leased properties HK\$'000	Total HK\$'000
<b>As at 1 January 2024</b>	28,046	–	28,046
Additions	9,337	192	9,529
Depreciation charge for the year	(13,281)	(58)	(13,339)
Termination of lease contracts	(655)	–	(655)
Impairment loss (note 17)	(7,792)	(134)	(7,926)
Exchange differences	(405)	–	(405)
<b>As at 31 December 2024 and 1 January 2025</b>	15,250	–	15,250
Additions	26,088	–	26,088
Depreciation charge for the year	(11,151)	–	(11,151)
Termination of lease contracts	(3,379)	–	(3,379)
Impairment loss (note 17)	(3,810)	–	(3,810)
Exchange differences	234	–	234
<b>As at 31 December 2025</b>	23,232	–	23,232

Details of the impairment assessment of the Group's right-of-use assets are disclosed in note 17.

# Notes to the Consolidated Financial Statements

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## 19. Right-Of-Use Assets *(Continued)*

The amounts recognised in profit or loss in relation to leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	1,223	1,219
Depreciation charge of right-of-use assets	11,151	13,339
Expense relating to short-term leases and other leases with remaining lease terms ended on or before the end of reporting period	15	1,105
Expense relating to leases of low-value assets	–	486
<b>Total amount recognised in profit or loss</b>	<b>12,389</b>	<b>16,149</b>

## 20. Investments in Associates

	2025 HK\$'000	2024 HK\$'000
Cost of investments in associates	2,293	2,681
Share of post-acquisition loss and other comprehensive expense	–	(221)
Disposal of an associate	(2,293)	–
Exchange adjustments	–	(167)
	–	2,293

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

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Pavana Technology Joint Stock Company ("Pavana Technology")	Vietnam	3,000,000 ordinary shares of Vietnamese Dong ("VND") 10,000 each	– (2024: 25%)	Manufacturing and sales of camera products
Shenzhen Liudian Operation Technology Co., Ltd ("Shenzhen Liudian") 深圳六點作業科技有限公司	People's Republic of China (the "PRC")	RMB10,000,000	48.75% (2024: 48.75%)	Sales of electronic products

# Notes to the Consolidated Financial Statements

31 December 2025

## 20. Investments in Associates *(Continued)*

### *(a) Pavana Technology*

During the year ended 31 December 2025, the non-wholly owned subsidiary of the Company entered into an agreement with the major shareholder of Pavana Technology to disposed all its interest for consideration of VND8,625,000,000 (approximately HK\$2,623,000). Completion of the disposal of Pavana Technology took place on 31 January 2025. Upon the completion of disposal, Pavana Technology ceased to be an associate of the Group. Gain on disposal of Pavana Technology amounted to HK\$330,000 being the excess of the proceeds from disposal over the carrying amount of the Group's interest in Pavana Technology, was recognised in profit or loss and included in other income and (loss)/gains, net (note 9).

The following table shows information on the associate that are material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the Vietnamese Accounting Standards financial statements of the associate.

	2024 HK\$'000
<b>At 31 December:</b>	
Total assets	11,196
Total liabilities	(2,671)
Net assets	8,525
Group's share of net assets of Pavana Technology	2,131
Goodwill	–
Group's share of carrying amount of interests	2,131
<b>Year ended 31 December:</b>	
Revenue	13,431
Loss for the year and total comprehensive expense	(884)

# Notes to the Consolidated Financial Statements

31 December 2025

## 20. Investments in Associates *(Continued)*

### *(b) Shenzhen Liudian*

On 30 May 2024, the Company entered into a sale and purchase agreement with one of the shareholders of Shenzhen Liudian to sell its partial equity interests in Shenzhen Liudian and its subsidiary, which were engaged in the Retailing Business, for a cash consideration of RMB1,050,000 (equivalent to HK\$1,150,000). The disposal has been completed on 31 July 2024. Upon completion, Shenzhen Liudian held as to 48.75% by the Company and became an associate to the Company after the change in control.

The following table shows information on the associate that are material to the Group. This associate is accounted for in the consolidated financial statement using the equity method for the period upon change in control. The summarised financial information presented is based on the China Accounting Standards financial statements of the associate.

	2025 HK\$'000	2024 HK\$'000
<b>At 31 December:</b>		
Total assets	3,487	6,736
Total liabilities	(8,755)	(13,473)
Net liabilities	(5,268)	(6,737)
Group's share of net assets of Shenzhen Liudian	–	–
<b>Year ended 31 December:</b>		
Revenue	9,681	10,450
Loss for the year and total comprehensive expenses	(70)	(2,046)

The Group has not recognised its share of losses of Shenzhen Liudian when applying the equity method. The unrecognised share of the associate for the year and cumulatively, are set out below:

	2025 HK\$'000	2024 HK\$'000
Unrecognised share of losses of an associate for the year	(34)	(346)
	2025 HK\$'000	2024 HK\$'000
Accumulated unrecognised share of losses of an associate	(380)	(346)

# Notes to the Consolidated Financial Statements

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## 21. Equity Investment Designated at FVTOCI

	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>		
Unlisted equity investment in Kandao, at fair value	7,603	6,589

The above investment represents the 8.47% (2024: 8.47%) equity investment in a private entity established in the PRC, which focuses on the technology and development of software and hardware for imaging electronic products. The Group has elected to designate the unlisted equity investment that is held for medium or long-term strategic purposes as a financial asset at FVTOCI.

Equity investment designated at FVTOCI is denominated in RMB.

## 22. Inventories

	2025 HK\$'000	2024 HK\$'000
Raw materials	44,057	35,835
Work in progress	15,422	25,000
Finished goods	16,755	19,012
	<b>76,234</b>	<b>79,847</b>

## 23. Trade and Factoring Receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
– related parties	4,476	6,417
– third parties	58,160	55,588
	<b>62,636</b>	62,005
Impairment loss	(27,135)	(20,192)
	<b>35,501</b>	41,813
Factoring receivables	17,332	28,751
Impairment loss	(428)	(552)
	<b>16,904</b>	28,199
	<b>52,405</b>	70,012

# Notes to the Consolidated Financial Statements

31 December 2025

## 23. Trade and Factoring Receivables *(Continued)*

The Group requires most of its customers to make payments in advance, however, the Group grants certain credit periods range from 30 to 90 days to those customers with good payment history. The credit period for specific customers is considered on a case-by-case basis and is set out in the sales contracts, as appropriate.

The Group has entered into receivable purchase arrangements with a bank for the factoring of trade receivables on a full recourse basis with a designated customer. As at 31 December 2025, trade receivables factored to the bank aggregated to HK\$17,332,000 (2024: HK\$28,751,000). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade and factoring receivable balances. Trade and factoring receivables are non-interest-bearing and the carrying amounts of the trade and factoring receivables approximate to their fair values.

An ageing analysis of the trade and factoring receivables as at the end of the reporting period, based on the invoice date and net of impairment loss, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 month	14,761	33,029
1 to 2 months	15,842	8,941
2 to 3 months	8,021	9,977
Over 3 months	13,781	18,065
	<b>52,405</b>	70,012

The carrying amounts of the Group's trade and factoring receivables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
US\$	41,424	57,911
RMB	5,825	7,130
British Pounds ("GBP")	3,162	429
Other currencies	1,994	4,542
	<b>52,405</b>	70,012

# Notes to the Consolidated Financial Statements

31 December 2025

## 23. Trade and Factoring Receivables *(Continued)*

The movements in the impairment loss of trade and factoring receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	20,744	11,907
Impairment loss	6,788	9,847
Disposal of subsidiaries	–	(993)
Exchange differences	31	(17)
At 31 December	27,563	20,744

An impairment analysis is performed at each reporting date using a provision matrix or individually assessed to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and factoring receivables are written off if past due for more than one year and are not subject to enforcement activity.

# Notes to the Consolidated Financial Statements

31 December 2025

## 23. Trade and Factoring Receivables *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade and factoring receivables:

### As at 31 December 2025

Category	Carrying amount		Impairment loss		Net book value HK\$'000
	Amount HK\$'000	Proportion %	Amount HK\$'000	Proportion %	
Trade and factoring receivables for which impairment loss has been assessed individually	22,377	27.98	22,377	100	–
Trade and factoring receivables for which impairment loss has been assessed by using a provision matrix	57,591	72.02	5,186	9.00	52,405
	<b>79,968</b>	<b>100</b>	<b>27,563</b>	<b>34.47</b>	<b>52,405</b>

### As at 31 December 2024

Category	Carrying amount		Impairment loss		Net book value HK\$'000
	Amount HK\$'000	Proportion %	Amount HK\$'000	Proportion %	
Trade and factoring receivables for which impairment loss has been assessed individually	17,148	18.89	17,148	100	–
Trade and factoring receivables for which impairment loss has been assessed by using a provision matrix	73,608	81.11	3,596	4.89	70,012
	<b>90,756</b>	<b>100</b>	<b>20,744</b>	<b>22.86</b>	<b>70,012</b>

# Notes to the Consolidated Financial Statements

31 December 2025

## 23. Trade and Factoring Receivables *(Continued)*

Trade and factoring receivables for which impairment loss has been assessed by using a lifetime provision matrix are as follows:

### As at 31 December 2025

	Current	Less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate (%)	2.47	9.46	17.67	47.52	100	
Gross carrying amount (HK\$'000)	41,171	3,131	9,240	3,447	602	57,591
Expected credit losses (HK\$'000)	1,017	296	1,633	1,638	602	5,186

### As at 31 December 2024

	Current	Less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate (%)	1.92	7.20	14.82	39.75	100	
Gross carrying amount (HK\$'000)	58,462	1,244	13,496	37	369	73,608
Expected credit losses (HK\$'000)	1,122	90	2,000	15	369	3,596

# Notes to the Consolidated Financial Statements

31 December 2025

## 24. Financial Assets at FVTPL

	2025 HK\$'000	2024 HK\$'000
Fair value:		
Investment in life insurance policy (Note)	5,502	5,382

Note:

In March 2010, the Group's subsidiary, Sky Light Digital Limited entered into a life insurance policy with an insurance company to insure Mr. Tang Wing Fong, Terry, a director of the Company. Under the policy, the beneficiary and the policy holder is Sky Light Imaging Limited and the total insured sum is HK\$12,422,000. The Group was required to pay a one-off premium payment of HK\$4,109,000 at the inception of the policy. A guaranteed interest rate of 5.2% per annum applied for the first year, followed by the discretionary portion with a minimum guaranteed interest rate of 3.0% per annum for the following years until termination. The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal ("Cash Surrender Value"), which is determined by the premium payment plus accumulated guaranteed interest earned minus the accumulated insurance charges, policy expense charges and a specified amount of surrender charge if the withdrawal is made between 1st to 15th policy year.

The carrying amount represented the Cash Surrender Value of the policy and approximates its fair value at the end of the reporting periods. As at 31 December 2025 and 2024, the life insurance was pledged to a bank to secure banking facilities of the Group as set out in note 27. Details of fair value measurement are set out in note 7 to the consolidated financial statements.

## 25. Prepayments and Other Receivables

	2025 HK\$'000	2024 HK\$'000
Prepayments	3,184	2,819
Deposits and other receivables	21,326	19,299
	<b>24,510</b>	<b>22,118</b>

As at 31 December 2025, the financial assets included in the above balances relate to receivables for which there was no past due amounts, the Group estimated the expected credit loss rate to be minimal.

# Notes to the Consolidated Financial Statements

31 December 2025

## 26. Cash and Cash Equivalents and Restricted and Pledged Bank Deposits

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	64,202	41,167
Restricted and pledged bank deposits	(2,724)	(2,717)
<b>Cash and cash equivalents</b>	<b>61,478</b>	<b>38,450</b>
Cash and cash equivalents denominated in		
— RMB	18,919	28,447
— US\$	35,682	4,349
— HK\$	6,523	2,968
— Other currencies	354	2,686
<b>Cash and cash equivalents</b>	<b>61,478</b>	<b>38,450</b>

Included in the restricted and pledged bank deposits, an amount of HK\$2,724,000 (2024: HK\$2,717,000) was pledged to a bank to secure banking facilities granted to the Group as set out in note 27 to the consolidated financial statements.

As at 31 December 2025, the cash and cash equivalents of the Group denominated in RMB amounted to HK\$18,919,000 (2024: HK\$28,447,000). 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.

# Notes to the Consolidated Financial Statements

31 December 2025

## 27. Interest-Bearing Bank Borrowings

Current	Note	2025		2024	
		Effective interest rate (%)	HK\$'000	Effective interest rate (%)	HK\$'000
Bank loans — secured	(ii), (iii)	3.0-5.3	27,419	3.0-6.6	25,759
Bank loans under supplier finance arrangements — unsecured	(iv)	1.8-1.9	15,601	N/A	—
			<b>43,020</b>		<b>25,759</b>

Notes:

- (i) The Group's banking facilities with banks in Hong Kong and the PRC amounting to HK\$108,275,000 (2024: HK\$54,887,000), of which HK\$27,419,000 (2024: HK\$25,759,000) had been utilised as at the end of the reporting period.
- (ii) The bank loans as at 31 December 2025 were secured by the pledge of the life insurance policy and pledged bank deposits as set out in note 24 and 26 to the consolidated financial statements, personal guarantee executed by a controlling shareholder of the Company, corporate guarantee executed by two subsidiaries of the Group respectively.
- (iii) All bank loans are denominated in the US\$ and RMB and repayable within one year.
- (iv) The Group has entered into certain supplier finance arrangements with a PRC bank. Under these arrangements, the bank pays suppliers the amounts owed by the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant bank. The Group then settles with the bank between 173-180 days after settlement by the bank with interest ranges from 1.8% – 1.9% per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. Information of the Group's supplier finance arrangements is set out in note 37(c).

During the year ended 31 December 2025, in respect of bank loans with a carrying amount of HK\$5,276,000 (2024: HK\$17,660,000) as at 31 December 2025, the Group breached certain terms of the bank loans, which are primarily related to the tangible net worth of the Group. The short-term bank loans have been classified as current liabilities as at 31 December 2025. In any event, should the lender call for immediate repayment of the borrowing, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group. The bank loans of HK\$5,276,000 (2024: HK\$3,309,000) were subsequently settled as at the reporting date.

# Notes to the Consolidated Financial Statements

31 December 2025

## 28. Trade Payables

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

	2025 HK\$'000	2024 HK\$'000
Within 1 month	38,237	40,152
1 to 2 months	8,455	13,988
2 to 3 months	3,990	5,229
Over 3 months	19,100	8,659
	<b>69,782</b>	68,028

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	40,042	49,368
US\$	16,477	16,621
VND	13,263	2,037
Other currencies	–	2
	<b>69,782</b>	68,028

# Notes to the Consolidated Financial Statements

31 December 2025

## 29. Other Payables and Accruals

	Note	2025 HK\$'000	2024 HK\$'000
Contract liabilities	(a)	31,579	30,534
Other payables		4,550	5,269
Salary and welfare payables		6,775	5,208
Amount due to a director	(b)	17,655	39,122
Amount due to a non-controlling shareholder of a subsidiary		7,781	–
Withholding tax payables		7,487	7,092
		<b>75,827</b>	<b>87,225</b>

Notes:

- (a) Contract liabilities represented advance payments from customers mainly involve the sale of industrial products.

There were no significant changes in the contract liabilities balances during the reporting period.

Movements in contract liabilities:

	2025 HK\$'000	2024 HK\$'000
Balance at 1 January	30,534	34,296
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(21,524)	(33,101)
Increase in contract liabilities as a result of advance payments from customers	22,569	29,546
Disposal of subsidiaries	–	(207)
Balance at 31 December	<b>31,579</b>	<b>30,534</b>

- (b) As at 31 December 2025, the amount due to a director of HK\$17,655,000 (2024: HK\$39,122,000) is unsecured and carries interest at 3% per annum.

# Notes to the Consolidated Financial Statements

31 December 2025

## 30. Lease Liabilities

	2025 HK\$'000	2024 HK\$'000
Within one year	12,055	8,119
In the second year	6,096	8,215
In the third to fifth year, inclusive	11,129	1,084
	<b>29,280</b>	17,418
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(12,055)</b>	(8,119)
Amount due for settlement after 12 months shown under non-current liabilities	<b>17,225</b>	9,299

The incremental borrowing rates applied to lease liabilities range from 3.7% to 6.0% (2024: 3.7% to 6.0%).

The carrying amount of the Group's lease liabilities are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	7,365	15,337
US\$	20,561	1,914
HK\$	1,248	75
Others	106	92
	<b>29,280</b>	17,418

# Notes to the Consolidated Financial Statements

31 December 2025

## 31. Deferred Tax Liabilities

The Group's tax losses will expire in the following years

As at 31 December 2025

	Hong Kong HK\$'000	Mainland China HK\$'000	United States of America HK\$'000	Vietnam HK\$'000	United Kingdom HK\$'000	Total HK\$'000
31 December 2026	–	34,238	–	–	–	34,238
31 December 2027	–	27,167	–	347	–	27,514
31 December 2028	–	28,219	–	107	–	28,326
31 December 2029	–	76,612	–	1,696	–	78,308
31 December 2030	–	36,646	–	6,206	–	42,852
31 December 2031	–	5,606	–	–	–	5,606
31 December 2032	–	48,942	–	–	–	48,942
31 December 2033	–	24,146	–	–	–	24,146
31 December 2034	–	24,914	–	–	–	24,914
31 December 2036	–	–	15,276	–	–	15,276
31 December 2037	–	–	13,298	–	–	13,298
31 December 2038	–	–	13,003	–	–	13,003
31 December 2039	–	–	22,444	–	–	22,444
31 December 2040	–	–	13,014	–	–	13,014
31 December 2041	–	–	12,097	–	–	12,097
31 December 2042	–	–	2,796	–	–	2,796
31 December 2043	–	–	6,947	–	–	6,947
31 December 2044	–	–	10,829	–	–	10,829
31 December 2045	–	–	5,548	–	–	5,548
	–	306,490	115,252	8,356	–	430,098
No expiry date	262,963	–	–	–	17,015	279,978
	262,963	306,490	115,252	8,356	17,015	710,076

# Notes to the Consolidated Financial Statements

31 December 2025

## 31. Deferred Tax Liabilities *(Continued)*

**The Group's tax losses will expire in the following years** *(Continued)*

As at 31 December 2024

	Hong Kong HK\$'000	Mainland China HK\$'000	United States of America HK\$'000	Vietnam HK\$'000	United Kingdom HK\$'000	Total HK\$'000
31 December 2025	–	6,265	–	–	–	6,265
31 December 2026	–	34,362	–	–	–	34,362
31 December 2027	–	32,749	–	356	–	33,105
31 December 2028	–	42,228	–	18,597	–	60,825
31 December 2029	–	73,527	–	20,301	–	93,828
31 December 2030	–	37,628	–	–	–	37,628
31 December 2031	–	5,846	–	–	–	5,846
31 December 2032	–	49,125	–	–	–	49,125
31 December 2033	–	27,513	–	–	–	27,513
31 December 2036	–	–	15,288	–	–	15,288
31 December 2037	–	–	13,308	–	–	13,308
31 December 2038	–	–	13,013	–	–	13,013
31 December 2039	–	–	22,461	–	–	22,461
31 December 2040	–	–	13,024	–	–	13,024
31 December 2041	–	–	12,106	–	–	12,106
31 December 2042	–	–	2,799	–	–	2,799
31 December 2043	–	–	6,952	–	–	6,952
31 December 2044	–	–	4,848	–	–	4,848
	–	309,243	103,799	39,254	–	452,296
No expiry date	249,057	–	–	–	13,214	262,271
	249,057	309,243	103,799	39,254	13,214	714,567

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

# Notes to the Consolidated Financial Statements

31 December 2025

## 32. Convertible Bonds

On 4 July 2025, the Company issued HK\$46,200,000 8% coupon convertible bonds (the “Convertible Bonds”) with a principal amount of HK\$46,200,000, divided into a bond of HK\$100,000 each. The net proceed of the Convertible Bonds of HK\$44,929,000 were received by the Company after deduction of transaction cost of HK\$1,271,000. The Convertible Bonds are denominated in HK\$.

The maturity date of the Convertible Bonds is (a) the date falling on the expiry of eighteen months of the issue date; or (b) the date falling on the 2nd anniversary of the issue date, upon delivery of a written notice by the issuer to the bondholders prior to 30 November 2026, whichever the above (a) or (b) is later.

The conversion period is the option of the bondholder into ordinary shares of the Company at any time commencing from 180th day immediately after the issue date to the date that is five business days prior to the maturity date.

The bondholders shall have the right to convert in whole or in part of the outstanding principal amount of the Convertible Bonds registered under a bondholder’s name into conversion share as provided further that any conversion shall be made in amounts of not less than a whole multiple of HK\$100,000 on each conversion save that if at any time the outstanding principal amount of the Convertible Bonds held is less than HK\$100,000 may be converted.

On maturity date, the Company shall redeem each outstanding Convertible Bond by paying the bondholder (i) an amount which equals to 100% principal amount of such bond, together with (ii) any accrued but unpaid interest on such bond for the period to the maturity date.

The Convertible Bonds carry interest at 8% per annum. Any accrued but unpaid interest is payable on the earlier of (i) the due date for redemption and (ii) the maturity date. The Convertible Bonds are freely assigned or transferred to any person, provided that no transfer of the Convertible Bonds to any connected person.

The Convertible Bonds issued during the year have been split into the liability and equity components as follows:

	2025 HK\$'000
Nominal value of Convertible Bonds issued during the year	46,200
Equity component	(8,710)
Direct transaction cost attributable to the liability component	(1,031)
Liability component at the issuance date	36,459
Interest expense	4,491
Liability component at 31 December	40,950

Transaction cost relating to the equity component of HK\$240,000 are charged directly to equity.

# Notes to the Consolidated Financial Statements

31 December 2025

## 33. Share Capital

	Number of shares	Amount HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	1,008,587,455	10,086

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

# Notes to the Consolidated Financial Statements

31 December 2025

## 33. Share Capital *(Continued)*

The Group monitors capital using a gearing ratio. The gearing ratio is defined as total of interest-bearing bank borrowings and lease liabilities divided by total equity. The gearing ratios as at the end of the reporting periods were as follows:

	2025 HK\$'000	2024 HK\$'000
Interest-bearing bank borrowings (note 27)	43,020	25,759
Lease liabilities (note 30)	29,280	17,418
Convertible bonds (note 32)	40,950	–
	<b>113,250</b>	43,177
Total equity	<b>22,667</b>	57,488
Gearing ratio	<b>499.63%</b>	75.11%

The increase in the gearing ratio during 2025 resulted primarily from increase of convertible bonds and decrease of equity due to impairment loss of property, plant and equipment, intangible assets and right-of-use assets of HK\$6,447,000 recognised during the year ended 31 December 2025.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. During the year ended 31 December 2025, in respect of bank loans with a carrying amount of HK\$5,276,000 (2024: HK\$17,660,000) as at 31 December 2025, the Group breached certain terms of the bank loans, which are primarily related to the tangible net worth of the Group. The short-term bank loans have been classified as current liabilities as at 31 December 2025. In any event, should the lender call for immediate repayment of the borrowing, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group. The bank loans of HK\$5,276,000 (2024: HK\$3,309,000) were subsequently settled as at the reporting date.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings and lease liabilities. In view of the increased gearing ratio, the management has plans to raise fund to increase equity for maintaining the balance.

The externally imposed capital requirement for the Group is, in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules.

# Notes to the Consolidated Financial Statements

31 December 2025

## 34. Share Option Scheme

The Company has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the share option scheme include employees, advisers, consultants, agents, contractors, clients, suppliers and any other person(s) whom the board of directors of the Company, in its sole discretion, consider have contributed or may contribute to the Group.

The following share options were outstanding during the year:

Note	Date of grant	Number of share options					At 31 December 2025	Exercise period (both dates inclusive)	Exercise price per share
		At 1 January 2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year			
(iii)	18/05/2017	1,646,000	-	-	-	(1,646,000)	-	18/05/2018-17/05/2025	HK\$2.206
(iv)	26/04/2018	168,000	-	-	-	(84,000)	84,000	26/04/2019-26/04/2026	HK\$0.94
		<b>1,814,000</b>	-	-	-	<b>(1,730,000)</b>	<b>84,000</b>		

Note	Date of grant	Number of share options					At 31 December 2024	Exercise period (both dates inclusive)	Exercise price per share
		At 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year			
(i)	15/09/2016	1,852,000	-	-	-	(1,852,000)	-	15/09/2017-14/09/2024	HK\$1.70
(ii)	01/12/2016	1,334,000	-	-	-	(1,334,000)	-	01/12/2017-30/01/2025	HK\$1.986
(iii)	18/05/2017	3,610,000	-	-	-	(1,964,000)	1,646,000	18/05/2018-17/05/2025	HK\$2.206
(iv)	26/04/2018	252,000	-	-	-	(84,000)	168,000	26/04/2019-26/04/2026	HK\$0.94
		<b>7,048,000</b>	-	-	-	<b>(5,234,000)</b>	<b>1,814,000</b>		

# Notes to the Consolidated Financial Statements

31 December 2025

## 34. Share Option Scheme *(Continued)*

Notes:

- (i) One-third of these share options should become vested on the 1st anniversary date of 15 September 2016; a further one-third shall become vested on the 2nd anniversary date of 15 September 2016; and the remaining one-third should become vested on the 3rd anniversary date of 15 September 2016.

The fair value of the share options granted in September 2016 was HK\$8,111,000 (HK\$0.62672 each), of which no share option expense was recognised during the year ended 31 December 2025 and 2024.

- (ii) One-third of these share options should become vested on the 1st anniversary date of 1 December 2016; a further one-third should become vested on the 2nd anniversary date of 1 December 2016; and the remaining one-third should become vested on the 3rd anniversary date of 1 December 2016.

The fair value of the share options granted in December 2016 was HK\$13,990,000 (HK\$0.703 each), of which no share option expense was recognised during the year ended 31 December 2025 and 2024.

- (iii) One-third of these share options should become vested on the 1st anniversary date of 18 May 2017; a further one-third should become vested on the 2nd anniversary date of 18 May 2017; and the remaining one-third should become vested on the 3rd anniversary date of 18 May 2017.

The fair value of the share options granted on 18 May 2017 was HK\$10,416,000 (HK\$0.6944 each), of which no share option expense was recognised during the year ended 31 December 2025 and 2024.

- (iv) One-third of these share options should become vested on the 1st anniversary date of 26 April 2018; a further one-third should become vested on the 2nd anniversary date of 26 April 2018; and the remaining one-third should become vested on the 3rd anniversary date of 26 April 2018.

The fair value of the share options granted on 26 April 2018 was HK\$4,245,000 (HK\$0.339 each), of which no share option expense was recognised during the year ended 31 December 2025 and 2024.

As at 31 December 2025, the Company had 84,000 (2024: 1,814,000) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 84,000 (2024: 1,814,000) additional ordinary shares of the Company and additional share capital of HK\$1,000 (2024: HK\$18,000) and share premium of HK\$78,000 (2024: HK\$3,771,000) (before issue expenses).

## 35. Reserves

### *(a) Group*

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity on pages 72 to 73 of the consolidated financial statements.

# Notes to the Consolidated Financial Statements

31 December 2025

## 35. Reserves *(Continued)*

### **(b) Nature and purpose of reserves**

#### **(i) Share premium**

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

#### **(ii) Capital reserve**

The Group's capital reserve represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation over the nominal value of the Company's shares issued in exchange therefor.

#### **(iii) Share-based payments reserve**

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors and employees of the Group.

#### **(iv) Statutory reserve**

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

#### **(v) Foreign currency translation reserve**

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

#### **(vi) Convertible bonds equity reserve**

Convertible bonds equity reserve represents amount of the equity component of convertible bonds issued by the Company.

#### **(vii) Other reserve**

Other reserve arose from the acquisitions of non-controlling interests in subsidiaries and represents the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid on transactions with equity owners in the capacity as equity holders that result in changes in ownership interests while retaining control. It also includes the reserve arose from the loan capitalisation as additional capital in non-wholly owned subsidiaries

# Notes to the Consolidated Financial Statements

31 December 2025

## 36. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for:		
Plant and machinery	534	2,048

## 37. Notes to the Consolidated Statement of Cash Flows

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$26,088,000 and HK\$26,088,000 (2024: HK\$9,529,000 and HK\$9,529,000), respectively, in respect of lease arrangements for land and buildings.

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

2025

	Convertible bonds HK\$'000 (Note 32)	Bank and other borrowings HK\$'000 (Note 27)	Lease liabilities HK\$'000 (Note 30)	Total HK\$'000
At 1 January 2025	–	25,759	17,418	43,177
Financing net cash flows	44,929	17,261	(12,163)	50,027
Non-cash changes:				
Additions of right-of-use assets	–	–	26,088	26,088
Termination of lease	–	–	(3,531)	(3,531)
Interest expense	4,491	–	1,223	5,714
Recognition of equity component upon issuance of convertible bonds (net of transaction cost)	(8,470)	–	–	(8,470)
Exchange difference	–	–	245	245
At 31 December 2025	40,950	43,020	29,280	113,250

# Notes to the Consolidated Financial Statements

31 December 2025

## 37. Notes to the Consolidated Statement of Cash Flows *(Continued)*

### *(b) Reconciliation of liabilities arising from financing activities (Continued)*

2024

	Bank and other borrowings HK\$'000 (Note 27)	Lease liabilities HK\$'000 (Note 30)	Total HK\$'000
At 1 January 2024	14,703	36,827	51,530
Financing net cash flows	12,230	(17,086)	(4,856)
Non-cash changes:			
Additions of right-of-use assets	–	9,529	9,529
Termination of lease	–	(807)	(807)
Disposal of subsidiaries	(3,285)	(11,785)	(15,070)
Interest expense	2,111	1,219	3,330
Exchange difference	–	(479)	(479)
At 31 December 2024	25,759	17,418	43,177

### *(c) Information of Supplier Finance Arrangements*

The details of the Group's supplier finance arrangements are set out in note 27.

	2025 HK\$'000	2024 HK\$'000
<b>Carrying amount of the financial liabilities that are subject to supplier finance arrangements</b>		
Presented as part of "interest-bearing bank borrowings" (note 27)	15,601	–
– Of which suppliers have already received payment from the bank	15,601	–
	2025 Days	2024 Days
<b>Range of payment due dates</b>		
For liabilities presented as part of "interest-bearing bank borrowings":		
– Liabilities that are part of supplier finance arrangements	173 – 180	N/A
– Comparable trade payables that are not part of supplier finance arrangements	30 – 120	N/A

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and subsequent cash settlements. During the year, borrowings under supplier finance arrangements of HK\$22,666,000 (2024: Nil) represent the payments to the suppliers by the bank directly.

# Notes to the Consolidated Financial Statements

31 December 2025

## 38. Disposal of subsidiaries

### (a) Disposal of Hugo Investment Limited

On 31 July 2024, the Company entered into a sale and purchase agreement with a third party to sell its entire equity interests in Hugo Investment Limited and its subsidiaries which were engaged in the AI Vending Machines Business, for a cash consideration of HK\$500,000. The disposal has been completed on 31 July 2024.

Net liabilities derecognised at the date of disposal were as follows:

	2024 HK\$'000
Property, plant and equipment	129
Inventories	1,057
Trade and other receivables, deposits and prepayments	12,606
Bank balances and cash	217
Other borrowings	(3,285)
Lease liabilities	(11,785)
Trade payables, other payables and accruals	(38,598)
Net liabilities attributed to non-controlling interests	19,887
Net liabilities derecognised of	(19,772)
Release of non-controlling interests	45,913
Release of foreign currency translation reserve	1,228
Loss on disposal of subsidiaries	(26,869)
Total consideration satisfied by cash	500
Net cash inflow arising from disposal of subsidiaries:	
Cash consideration received	500
Cash and cash equivalents disposed	(217)
	283

# Notes to the Consolidated Financial Statements

31 December 2025

## 38. Disposal of subsidiaries *(Continued)*

### *(b) Disposal of Shenzhen Liudian*

On 30 May 2024, the Company entered into a sale and purchase agreement with one of the shareholders of Shenzhen Liudian to sell its partial equity interests in Shenzhen Liudian and its subsidiary, which were engaged in the Retailing Business, for a cash consideration of RMB1,050,000 (equivalent to HK\$1,150,000). The disposal has been completed on 31 July 2024. Upon completion, Shenzhen Liudian held as to 48.75% by the Company and became an associate to the Company after the change in control.

Net liabilities derecognised at the date of disposal were as follows:

	2024 HK\$'000
Property, plant and equipment	549
Inventories	1,049
Trade and other receivables, deposits and prepayments	2,393
Bank balances and cash	279
Trade payables, other payables and accruals	(10,332)
Net liabilities disposed of	(6,062)
Release of non-controlling interests	(903)
Release of foreign currency translation reserve	83
Gain on disposal of subsidiaries	8,032
Total consideration satisfied by an other receivable	1,150
Net cash outflow arising from disposal of subsidiaries:	
Cash and cash equivalents disposed	(279)

# Notes to the Consolidated Financial Statements

31 December 2025

## 39. Investments in Subsidiaries

	2025 HK\$'000	2024 HK\$'000
Unlisted investments, at cost	22,000	22,000
Amounts due from subsidiaries	192,822	192,883

As at 31 December 2025 and 2024, the amounts due from subsidiaries are unsecured, interest free and repayment on demand.

As at 31 December 2025, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to HK\$13,379,000 (2024: HK\$27,574,000). 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.

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered Share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sky Light Electronic Limited ("SLE")	Hong Kong 22 August 2006	HK\$22,000,000	100%	–	Investment holding
Sky Light Electronic (Shenzhen) Limited ("Sky Light Shenzhen")** 天彩電子(深圳)有限公司	People's Republic of China (the "PRC")/ Mainland China 23 January 2008	HK\$68,000,000	–	100%	Manufacture and sale of camera products and related accessories
Sky Light Imaging Limited ("Sky Light Imaging")	Hong Kong 22 August 2006	HK\$5,000,000	–	100%	Distribution of camera products and related accessories
Sky Light Technology (Heyuan) Limited ("Sky Light Technology (HY)")*** 河源市新天彩科技有限公司	PRC/Mainland China 2 March 2010	RMB20,000,000	–	100%	Manufacture and sale of camera products and related accessories
Sky Light Electronic Joint Stock Company ("SLJSC")***	Vietnam 14 February 2019	USD3,994,888	–	65.42% (2024: 37.59%)	Manufacture and sale of camera products and related accessories

# Notes to the Consolidated Financial Statements

31 December 2025

## 39. Investments in Subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered Share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Fengcai Intelligent Digital Technology (Shenzhen) Co., Ltd.** 豐彩智能數字技術(深圳)有限公司("Fengcai Intelligent")	PRC/Mainland China 11 November 2024	RMB20,000,000	–	100%	Operation of on-demand delivery system services

\* The English names of the Company's subsidiaries registered in the PRC represent the translated names of these companies as no English names have been registered.

\* Sky Light Shenzhen is registered as a wholly-foreign-owned enterprise under PRC law.

\*\* Sky Light Technology (HY) and Fengcai Intelligent are registered as a limited liability company under PRC law.

\*\*\* Sky Light Electronic Joint Stock Company is registered as a non-wholly-owned subsidiary under Vietnam law.

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

None of the subsidiaries had issued any debt securities during both years and at the end of the both years.

## 40. Related Party Transactions and Balances

### (a) Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following material transactions with related parties during year ended 31 December 2025 and 2024.

	2025 HK\$'000	2024 HK\$'000
With a non-controlling shareholder of a subsidiary: Service income	17,982	4,638
With an associate of the Group: Sales of goods	1,263	2,052
With a director of the Group: Interest expenses	889	1,133

# Notes to the Consolidated Financial Statements

31 December 2025

## 40. Related Party Transactions and Balances *(Continued)*

### *(b) Details of related parties balances*

	2025 HK\$'000	2024 HK\$'000
Balances included in "trade and factoring receivables":		
Amount due from an associate (note (i))	4,476	5,646
Amount due from a non-controlling shareholder of a subsidiary (note (i))	–	771
Balances included in "other payables and accruals":		
Amount due to a non-controlling shareholder of a subsidiary (note (ii))	7,781	–
Amount due to a director (note (iii))	17,655	39,122

Note:

- (i) These balances are unsecured, interest free and to be settled according to relevant trading terms.
- (ii) This balance is unsecured, interest free and repayable on demand.
- (iii) This balance is unsecured, carried interest at 3% per annum and repayable on demand.

### *(c) Compensation of key management personnel of the Group*

	2025 HK\$'000	2024 HK\$'000
Short term employee benefits	3,241	3,196
Equity-settled share option expense	–	–
Post-employment benefits	36	42
<b>Total compensation paid to key management personnel</b>	<b>3,277</b>	<b>3,238</b>

Further details of directors' and the chief executive's remunerations are included in note 12 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

31 December 2025

## 41. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Amounts due from subsidiaries	39	192,822	192,883
Investments in subsidiaries	39	22,000	22,000
<b>Total non-current assets</b>		<b>214,822</b>	214,883
<b>CURRENT ASSETS</b>			
Prepayments		95	89
Cash and cash equivalents		97	47
<b>Total current assets</b>		<b>192</b>	136
<b>CURRENT LIABILITIES</b>			
Other payables		1,734	1,912
<b>Total current liabilities</b>		<b>1,734</b>	1,912
<b>NET CURRENT LIABILITIES</b>		<b>(1,542)</b>	(1,776)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>213,280</b>	213,107

# Notes to the Consolidated Financial Statements

31 December 2025

## 41. Statement of Financial Position of the Company *(Continued)*

	Note	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Amounts due to subsidiaries		54,079	80,722
Convertible bonds	32	40,950	–
<b>Total non-current liabilities</b>		<b>95,029</b>	80,722
<b>Net assets</b>		<b>118,251</b>	132,385
<b>EQUITY</b>			
Share capital	33	10,086	10,086
Reserves		108,165	122,299
<b>Total equity</b>		<b>118,251</b>	132,385

Approved by the Board of Directors on 31 March 2026 and are signed on its behalf by:

**Mr. Tang Wing Fong Terry**  
*Director*

**Ms. Lo Wan Man**  
*Director*

# Notes to the Consolidated Financial Statements

31 December 2025

## 41. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	820,473	4,692	81,350	–	(639,956)	266,559
Total comprehensive income for the year	–	–	–	–	(144,260)	(144,260)
Lapse of share option	–	(3,491)	–	–	3,491	–
At 31 December 2024 and 1 January 2025	<b>820,473</b>	<b>1,201</b>	<b>81,350</b>	<b>–</b>	<b>(780,725)</b>	<b>122,299</b>
Total comprehensive income for the year	–	–	–	–	(22,604)	(22,604)
Lapse of share option	–	(1,172)	–	–	1,172	–
Recognition of equity component of convertible bonds	–	–	–	8,470	–	8,470
At 31 December 2025	<b>820,473</b>	<b>29</b>	<b>81,350</b>	<b>8,470</b>	<b>(802,157)</b>	<b>108,165</b>

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 4(o) to the consolidated financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

## 42. Non-controlling interests

	Share of net (liabilities)/ assets of subsidiaries Total HK\$'000
At 1 January 2024	(57,498)
Share of loss for the year	(20,598)
Exchange differences on translation of foreign operations	(1,966)
Release of non-controlling interests on disposal of subsidiaries	45,010
At 31 December 2024 and 1 January 2025	(35,052)
Share of loss for the year	(8,842)
Exchange differences on translation of foreign operations	323
Change in ownership interest in a subsidiary without change of control	15,978
Decreasing non-controlling interest arising from loan capitalisation	39,607
At 31 December 2025	12,014

# Notes to the Consolidated Financial Statements

31 December 2025

## 42. Non-controlling interests *(Continued)*

The table shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive expense attributable to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Sky Light Electronic Joint Stock Company	Vietnam	34.58%	62.41%	8,816	11,077	8,567	(35,042)

Summarised financial information in respect of a material subsidiary of the Group that has material non-controlling interests is set out below.

### *Sky Light Electronic Joint Stock Company*

	2025 HK\$'000	2024 HK\$'000
Total assets	78,084	60,583
Total liabilities	(54,494)	(114,825)
Equity attributable to the owners of the Company	15,023	(19,200)
Non-controlling interests	8,567	(35,042)
Revenue	93,082	42,525
Other income	3,437	14
Expenses	(110,601)	(60,287)
Loss and total comprehensive expense for the year	(14,082)	(17,748)
Loss and total comprehensive expense for the year attributable to:		
Owner of the Company	(5,266)	(6,671)
Non-controlling interests	(8,816)	(11,077)
	(14,082)	(17,748)
Net cash generated from/(used in) operating activities	10,782	(2,563)
Net cash used in investing activities	(4,492)	(300)
Net cash generated from/(used in) financing activities	4,509	(1,243)
Net cash inflow/(outflow)	10,799	(4,106)

# Five Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is as follows.

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	<b>288,918</b>	296,408	308,240	417,077	715,093
Gross profit	<b>59,974</b>	59,200	59,568	73,272	121,758
Gross profit margin	<b>20.8%</b>	20.0%	19.3%	17.6%	17.0%
Loss before tax	<b>(48,001)</b>	(67,449)	(54,215)	(32,298)	(4,283)
Loss for the year	<b>(48,001)</b>	(67,450)	(54,215)	(32,368)	(3,412)
Net profit margin	<b>(16.6%)</b>	(22.8%)	(17.6%)	(7.8%)	(0.5%)
Loss attributable to owners of the Company	<b>(39,159)</b>	(55,957)	(41,589)	(25,134)	(3,853)
Cash and cash equivalents	<b>61,478</b>	38,450	35,352	81,447	96,188
Bank and other borrowings	<b>43,020</b>	25,759	14,703	8,035	31,880
Total assets	<b>281,526</b>	255,918	317,943	353,668	494,243
Total liabilities	<b>258,859</b>	198,430	232,794	191,013	273,271
Equity attributable to owners of the Company	<b>10,653</b>	92,540	142,647	171,981	221,945
Non-controlling interests	<b>12,014</b>	(35,052)	(57,498)	(9,326)	(973)
Total equity	<b>22,667</b>	57,488	85,149	162,655	220,972