

Scorching Dragon Holdings Limited

炙龍控股有限公司

(Formerly known as Dragon King Group Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8493

ANNUAL REPORT

2025





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Corporate Information

(as at 31 March 2026)

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Yuen Lung Alfred (*Chairman*)
(appointed on 20 May 2025)
Mr. Li Tao
Ms. Tang Po Yee Joey (appointed on 1 September 2025)

Independent non-executive Directors

Mr. Chow Yik
Mr. Yu Kwan Tseung Alvin
(appointed on 1 December 2025)
Mr. Tam Tsz Hin (appointed on 16 January 2026)

Audit Committee

Mr. Yu Kwan Tseung Alvin (*Chairman*)
Mr. Chow Yik
Mr. Tam Tsz Hin

Remuneration Committee

Mr. Chow Yik (*Chairman*)
Mr. Yu Kwan Tseung Alvin
Mr. Tam Tsz Hin

Nomination Committee

Mr. Yu Kwan Tseung Alvin (*Chairman*)
Mr. Chow Yik
Ms. Tang Po Yee Joey
Mr. Tam Tsz Hin

AUTHORISED REPRESENTATIVES

Mr. Chan Yuen Lung Alfred (appointed on 20 May 2025)
Mr. Ngai Tsz Hin Michael (appointed on 15 July 2025)

COMPANY SECRETARY

Mr. Ngai Tsz Hin Michael (appointed on 15 July 2025)

AUDITOR

Prism Hong Kong Limited
Certified Public Accountants, Hong Kong
Unit 1903A–1905, 19th Floor
No.8 Observatory Road
Tsim Sha Tsui
Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3902, 39/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Fubon Bank (Hong Kong) Limited
Bank of Communication (Hong Kong) Ltd.
Hang Seng Bank Limited

COMPANY'S WEBSITE

www.8493.hk

STOCK CODE

8493

Message from the Board

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Scorching Dragon Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the annual report of the Company for the year ended 31 December 2025 (the “**Year**” or “**FY2025**”).

OVERVIEW

The Group is committed to provide high quality food and services as well as comfortable dining environment to the customers. In October 2025, the Group’s remaining sole operating Chinese restaurant in Wanchai (the “**Wan Chai Restaurant**”) was forced to suspend its business operations due to the enforcement of a warrant of distress by the Bailiff of the High Court against the operator of the Wan Chai Restaurant, an indirect wholly-owned subsidiary of the Company.

Looking back on FY2025, Hong Kong’s Chinese dining sector continued to face significant structural challenges. Throughout FY2025, the wave of closures in Hong Kong’s catering and service industry persisted. The decline of Chinese restaurants was a key factor, with profitability falling far more sharply than other dining categories. According to the provisional figures on restaurant revenue and purchases released by the Hong Kong Census and Statistics Department, the total revenue of Chinese restaurants decreased by 2.9% in value and 4.3% in volume in 2025 compared to 2024. In contrast, non-Chinese restaurants saw total revenue increase by 4.0% in value and 3.4% in volume (the “**Data Report**”).

Core challenges that leading to the structural challenges of Hong Kong Chinese catering industry are (i) the normalisation of “Northbound consumption”, especially on weekends and holidays, has directly beating local Chinese restaurants. Meanwhile, local consumers and visitors are increasingly prioritising value for money, leading to a notable rise in fast food and take-away restaurants such as “two-dish” shops. The spending outflow and the shift in locals and visitors consumption patterns have significantly seizing business from traditional Chinese restaurants; and (ii) despite certain landlords has started to lowering rents, high rental and labor costs remain major pressures.

Notwithstanding the short-term suspension operations of all the Group’s Chinese restaurants since October 2025, the Group has promptly reformulated its business plan and resumed its principal business operations. On 23 December 2025, Scorching Dragon F&B Group Limited, an indirect wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the “**Tenancy Agreement**”) with Gentle Forest Limited, as landlord, in respect of certain premises located in Kowloon for a term of two years commencing from 1 January 2026. The above premises are used for the operation of a new restaurant under the brand name of “旺角(龍皇)海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)” (the “**Mong Kok Restaurant**”).

Unlike the Wan Chai Restaurant, which was located inside a shopping mall of a commercial centre at Wan Chai commercial district, the Mong Kok Restaurant is a street-level shop situated at one of the prime locations in Mong Kok. The Mong Kok Restaurant is able to experience greater foot traffic, face more diverse customer base from various social classes, and benefit from a higher volume of tourists.

The Mong Kok Restaurant offers Cantonese cuisine which features fresh seafood, soups, and exquisite fried dishes suitable for group dining, corporate hospitality and casual meals for small number of individuals.

The entering of the Tenancy Agreement represents the determination of the Board to go all out to re-formulate and re-develop the Group’s businesses with an aim to strive for the best interest of the Company and its shareholders as a whole.

Message from the Board

For FY2025, the Group recorded a total revenue of approximately HK\$13.1 million, against approximately HK\$54.4 million for the year ended 31 December 2024 (“**FY2024**”), representing a decrease of approximately 75.9%. For FY2024, the Group operated three restaurants in Hong Kong under the brand names of “Dragon King (龍皇)” and “Dragon Gown (龍袍)” respectively. The decrease in revenue for FY2025 was mainly resulted from closed down of the two “Dragon King (龍皇)” restaurants during the first half of FY2024, together with the suspension of the operations at the Group’s sole remaining “Dragon Gown (龍袍)” restaurant in October 2025.

PROSPECTS

Although the Group is currently facing a sluggish Hong Kong catering industry, in line with the spirit of “actively seek change and be brave in innovation”, the Group adjusts its operating methods, seeks a path to transformation, explores new opportunities amidst headwinds, and stands out.

The Group leveraging on its solid experience accumulated over the year and its high-quality food and services recognised by the market, the Group will continue to commit to its core business. On the other hand, the Group will continue to explore different business opportunities in relation to the food and beverage services as well as its peripheral business both in Hong Kong and in the People’s Republic of China (“**PRC**”) to expand the revenue source.

Subsequent to the grand opening of the Mong Kok Restaurant on 22 January 2026, the Group, as licensee, further entered into a letter of offer with AEON Stores (Hong Kong) Co., Limited, as licensor on 26 March 2026 in respect of the licensed use of a premises for a term of two years commencing from 1 April 2026 for the new Chinese restaurant to be opened by the Group (the “**Lai Chi Kok Restaurant**”).

Unlike the Mong Kok Restaurant which is a street-level shop situated at one of the prime locations in Mong Kok, the Lai Chi Kok Restaurant is situated inside a shopping mall of one of the prestige residential areas in Lai Chi Kok, surrounded by multiple residential building blocks of a mature middle-class residential area. The Lai Chi Kok Restaurant is able to offer larger scale operation which can seat up to 200 people, operate with longer service hours and face more diverse customer base from various social classes. It is able to provide full Chinese catering services from dim sum during morning tea and lunch; exquisite Cantonese dishes for dinner to authentic Chinese banquet traditions. The Lai Chi Kok Restaurant, with its well-equipped kitchen, is able to create delicious menus for every occasion and cater for individuals and families throughout the day. The current condition of the Lai Chi Kok Restaurant does not necessitate major renovation, as the existing layout, utilities, and finishes are largely serviceable. With only minor preparatory work, the location can be made operational, allowing for a swift and cost-effective launch.

The Group plans to operate the Lai Chi Kok Restaurant under the brand name of Tong Arch “唐坊” offering Cantonese cuisine which features hand-made dim sum, roasted meat (“siu mei”), fresh seafood, soups, and signature dishes suitable for group dining, traditional Chinese banquets and casual meals for individuals and families. It is expected that the Lai Chi Kok Restaurant is able to be opened in mid of May 2026.

The Group took further steps and has been under negotiation to open a new restaurant under the brand name of “Tong Arch Pavilion (唐坊火鍋私房菜)” (the “**Yaumatei Restaurant**”), offering Cantonese cuisine which features exclusive home-style gourmet dishes and sumptuous hotpot meal with fresh and seasonal seafood, meat, specialty soups, and signature dishes in Yaumatei. It is expected that the Yaumatei Restaurant is able to be opened within May 2026.

At present, the Group has opened and will be opening three different styles Chinese restaurants, from exquisite Chinese fried dishes suitable for small group gathering; Chinese home-style gourmet dishes and hotpot; to traditional full service Chinese restaurant in different prime locations in Hong Kong capable to serve different classes of customers.

Message from the Board

Going forward, the Company plans to open additional Chinese restaurant(s) throughout the year ending 31 December 2026 with the goal of revitalising the root (i.e. the Chinese catering business) of the Group and maximising value for the Company and its shareholders. In parallel, the Company noticed from the Data Report that non-Chinese restaurants saw total revenue increase by 4.0% in value and 3.4% in volume in FY2025 when compared with FY2024. The Company is of the view once the Chinese catering business of the Group is firmly revitalised, it will explore business or investment opportunities in other dining categories in order to diversify business risk associated with focusing solely on the Chinese catering industry and to adapt to the ever-changing consumer preferences, ultimately striking for the best interest of the Company and its shareholders.

The management of the Group will continue to keep on monitoring and adjusting nimbly the Group's operating strategies to address the consumer needs, capture holiday spending and regain growth in revenue. The Group will continue to stay agile through evolving market conditions and strengthen its competitive edges to drive for long term growth and enhance shareholder value of the Group.

APPRECIATION

I, on behalf of the Board, would like to express our gratitude to the shareholders of the Company (the "**Shareholders**"), investors and business partners for their ongoing trust and support to the Group. I would also like to express our heartfelt appreciation to my fellow Directors, management team and employees for their hard work and dedication in pursuing our strategic moves and imperatives throughout the challenging FY2025.

Chan Yuen Lung Alfred

Chairman

Hong Kong, 31 March 2026

Management Discussion and Analysis

BUSINESS AND OPERATIONAL REVIEW

The Group is a Cantonese full-service restaurant group operating Cantonese cuisines restaurant under its self-owned brand.

Overview of the Hong Kong Chinese catering industry in FY2025

Hong Kong's Chinese dining sector continued to face significant structural challenges. Throughout FY2025, the wave of closures in Hong Kong's catering and service industry persisted. The decline of Chinese restaurants was a key factor, with profitability falling far more sharply than other dining categories. According to the provisional figures on restaurant revenue and purchases released by the Hong Kong Census and Statistics Department, the total revenue of Chinese restaurants decreased by 2.9% in value and 4.3% in volume in 2025 compared to 2024. In contrast, non-Chinese restaurants saw total revenue increase by 4.0% in value and 3.4% in volume (the "**Data Report**").

Core challenges that leading to the structural challenges of Hong Kong Chinese catering industry are (i) the normalisation of "Northbound consumption", especially on weekends and holidays, has directly beating local Chinese restaurants. Meanwhile, local consumers and visitors are increasingly prioritising value for money, leading to a notable rise in fast food and take-away restaurants such as "two-dish" shops. The spending outflow and the shift in locals and visitors consumption patterns have significantly seizing business from traditional Chinese restaurants; and (ii) despite certain landlords has started to lowering rents, high rental and labor costs remain major pressures.

Facing the above difficulties, Chinese restaurants are attempting to refine the business with key strategies as follows: (i) enhancing dining experience by providing more attentive dining services to achieve interaction with customers and introducing new and innovative dishes from time to time to keep our offerings fresh and maintain a sense of novelty that appeals to the customers.; (ii) implementing précised business strategy such as offering "HK\$1 signature dishes" to attract customers; and (iii) negotiate with landlord to revise rental terms by offering a combination of lower fixed rental and revenue-linked variable rental, in order to better control cost.

Restaurant Operations

The Group is committed to provide high quality food and services as well as comfortable dining environment to the customers. In October 2025, the Group's remaining sole operating Chinese restaurant in Wanchai (the "**Wan Chai Restaurant**") was forced to suspend its business operations due to the enforcement of a warrant of distress by the Bailiff of the High Court against the operator of the Wan Chai Restaurant, an indirect wholly-owned subsidiary of the Company.

Notwithstanding the suspended operations of the Wan Chai Restaurant, on 23 December 2025, Scorching Dragon F&B Group Limited, an indirect wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "**Tenancy Agreement**") with Gentle Forest Limited, as landlord, in respect of certain premises located in Kowloon for a term of two years commencing from 1 January 2026. The above premises are used for the operation of a new restaurant under the brand name of "旺角(龍皇)海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)" (the "**Mong Kok Restaurant**").

Unlike the Wan Chai Restaurant, which was located inside a shopping mall of a commercial centre at Wan Chai commercial district, the Mong Kok Restaurant is a street-level shop situated at one of the prime locations in Mong Kok. The Mong Kok Restaurant which officially commenced operations on 22 January 2026, is able to experience greater foot traffic, face more diverse customer base from various social classes, and benefit from a higher volume of tourists.

Management Discussion and Analysis

The Mong Kok Restaurant offers Cantonese cuisine which features fresh seafood, soups, and exquisite fried dishes suitable for group dining, corporate hospitality and casual meals for small number of individuals.

The entering of the Tenancy Agreement represents the determination of the Board to go all out to re-formulate and re-develop the Group's businesses with an aim to strive for the best interest of the Company and its shareholders as a whole.

FINANCIAL REVIEW

Revenue

For FY2025, the Group recorded a total revenue of approximately HK\$13.1 million, against approximately HK\$54.4 million for FY2024, representing a decrease of approximately 75.9%. For FY2024, the Group operated three restaurants in Hong Kong under the brand names of "Dragon King (龍皇)" and "Dragon Gown (龍袍)" respectively. The decrease in revenue for FY2025 was mainly resulted from closed down of the two "Dragon King (龍皇)" restaurants during the first half of FY2024, together with the suspension of the operations at the Group's sole remaining "Dragon Gown (龍袍)" restaurant in October 2025.

The table below sets forth a breakdown of the Group's revenue generated by each of the Group's self-owned brands during FY2024 and FY2025:

	For the year ended 31 December			
	2025		2024	
	Revenue HK\$'000	% of total revenue	Revenue HK\$'000	% of total revenue
Dragon King (龍皇)*	–	–	27,785	51.0
Dragon Gown (龍袍) [△]	13,075	100.0	26,659	49.0
Total revenue	13,075	100.0	54,444	100.0

* Closed in 2024

[△] Suspended operation in October 2025

Dragon King (龍皇)

The revenue generated by Dragon King was nil for FY2025 as a result of the closure of "Dragon King (龍皇)" restaurants in Whampoa and Kwun Tong in April 2024 and June 2024 respectively, due to the expiration of the rental agreements.

Dragon Gown (龍袍)

The revenue generated by Dragon Gown decreased by approximately HK\$13.6 million, or approximately 50.9% from HK\$26.7 million for FY2024 to HK\$13.1 million for FY2025. Such decrease was mainly due to the challenging business environment and a shift in consumer behavior, as Hong Kong residents exhibited lower local consumption intentions, with an increasing trend of traveling north. Subsequently, Dragon Gown had suspended its operation in October 2025.

Management Discussion and Analysis

Gross profit and gross profit margin

The gross profit of the Group (i.e., revenue minus cost of inventories consumed) amounted to approximately HK\$9.1 million for FY2025, versus approximately HK\$38.9 million for FY2024, representing a substantial decrease of approximately HK\$29.8 million or approximately 76.6%. The significant decrease was due to the closure of the two “Dragon King (龍皇)” restaurants in 2024 and the suspension of operations of the “Dragon Gown (龍袍)” restaurant in October 2025.

The Group’s overall gross profit margin for the FY2025 decreased slightly at 69.2% (FY2024: 71.4%).

Other income and gains, net

The Group’s other income and gains, net increased by approximately HK\$0.37 million or approximately 185.0% from approximately HK\$0.2 million for FY2024 to approximately HK\$0.57 million for FY2025. Such increase was primarily due to recognition of referral income for FY2025 offset by gain on disposal of property, plant and equipment for FY2024 and no such gain on disposal was recognised for FY2025.

Staff costs

During FY2025, staff costs of the Group amounted to approximately HK\$10.4 million, representing a decrease of approximately HK\$14.9 million or approximately 58.9% when compared to approximately HK\$25.3 million for FY2024. Such decrease was attributable to certain restaurants were closed down in April and June of 2024 and the suspension of operations at the Group’s then sole remaining restaurant in October 2025.

Depreciation of right-of-use assets

Depreciation of right-of-use assets of the Group was charged on a straight-line basis over the lease term. The lease terms of the leased premises are generally between two to three years, with certain lease agreements provide an option for the Group to renew.

(Impairment losses)/reversal of impairment on financial assets

For deposits and other receivables of the Group, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss likelihood or risk of a default occurring since initial recognition.

For FY2025, an impairment loss on deposits and other receivables of approximately HK\$7.4 million (FY2024: reversal of an impairment loss of approximately HK\$0.4 million) was recognised.

Gain on liquidation of subsidiaries

During FY2025, two indirect wholly-owned subsidiaries of the Company were deconsolidated from the Group’s consolidated financial statements following winding-up orders made against those subsidiaries by the High Court of Hong Kong and the appointment of joint and several provisional liquidators. As a result, the Group recognised a one-off non-cash gain of approximately HK\$12.2 million during FY2025. For further details, please refer to the paragraphs headed “Material Litigation” in this report.

Management Discussion and Analysis

Rental and related expenses

The Group's rental and related expenses decreased by approximately HK\$2.5 million or approximately 32.1% from approximately HK\$7.8 million for FY2024 to approximately HK\$5.3 million for FY2025, which was mainly due to the reduction in the number of restaurants operated by the Group in FY2025 as compared to those operated in FY2024.

Other operating expenses

The other operating expenses of the Group decreased by approximately HK\$16.7 million or approximately 61.6% from approximately HK\$27.1 million for FY2024 to approximately HK\$10.4 million for FY2025. Such decrease was mainly attributable to the professional and other related service fee of the issuance of bond incurred in FY2024 and no such fee was incurred in FY2025.

Finance costs

Finance costs of the Group decreased by approximately HK\$0.8 million or approximately 38.1% from approximately HK\$2.1 million for FY2024 to approximately HK\$1.3 million for FY2025. Such decrease was mainly due to reduction in interest expenses for bank borrowings for FY2025.

Loss attributable to owners of the Company

For FY2025, the loss attributable to owners of the Company was approximately HK\$14.7 million, as compared to a loss of approximately HK\$27.0 million for FY2024. Such decrease in loss for FY2025 was mainly arising from the deconsolidation of two indirect wholly-owned subsidiaries, and was partially offset by the decrease in revenue as a result of the closure of two restaurants in 2024, together with the suspension of operations at the Group's then sole remaining restaurant in October 2025 and the recognition of impairment losses on financial assets for FY2025.

PROSPECTS

Although the Group is currently facing a sluggish Hong Kong catering industry, in line with the spirit of "actively seek change and be brave in innovation", the Group adjusts its operating methods, seeks a path to transformation, explores new opportunities amidst headwinds, and stands out.

The Group leveraging on its solid experience accumulated over the year and its high-quality food and services recognised by the market, the Group will continue to commit to its core business. On the other hand, the Group will continue to explore different business opportunities in relation to the food and beverage services as well as its peripheral business both in Hong Kong and in the People's Republic of China ("PRC") to expand the revenue source.

Subsequent to the grand opening of the Mong Kok Restaurant on 22 January 2026, the Group, as licensee, further entered into a letter of offer with AEON Stores (Hong Kong) Co., Limited, as licensor on 26 March 2026 in respect of the licensed use of a premises for a term of two years commencing from 1 April 2026 for the new Chinese restaurant to be opened by the Group (the "**Lai Chi Kok Restaurant**").

Management Discussion and Analysis

Unlike the Mong Kok Restaurant which is a street-level shop situated at one of the prime locations in Mong Kok, the Lai Chi Kok Restaurant is situated inside a shopping mall of one of the prestige residential areas in Lai Chi Kok, surrounded by multiple residential building blocks of a mature middle-class residential area. The Lai Chi Kok Restaurant is able to offer larger scale operation which can seat up to 200 people, operate with longer service hours and face more diverse customer base from various social classes. It is able to provide full Chinese catering services from dim sum during morning tea and lunch; exquisite Cantonese dishes for dinner to authentic Chinese banquet traditions. The Lai Chi Kok Restaurant, with its well-equipped kitchen, is able to create delicious menus for every occasion and cater for individuals and families throughout the day. The current condition of the Lai Chi Kok Restaurant does not necessitate major renovation, as the existing layout, utilities, and finishes are largely serviceable. With only minor preparatory work, the location can be made operational, allowing for a swift and cost-effective launch.

The Group plans to operate the Lai Chi Kok Restaurant under the brand name of Tong Arch “唐坊” offering Cantonese cuisine which features hand-made dim sum, roasted meat (“siu mei”), fresh seafood, soups, and signature dishes suitable for group dining, traditional Chinese banquets and casual meals for individuals and families. It is expected that the Lai Chi Kok Restaurant is able to be opened within May 2026.

Going forward, the Company plans to open additional Chinese restaurant(s) throughout the year ending 31 December 2026 with the goal of revitalising the root (i.e. the Chinese catering business) of the Group and maximising value for the Company and its shareholders. In parallel, the Company noticed from the Data Report that non-Chinese restaurants saw total revenue increase by 4.0% in value and 3.4% in volume in FY2025 when compared with FY2024. The Company is of the view once the Chinese catering business of the Group is firmly revitalised, it will explore business or investment opportunities in other dining categories in order to diversify business risk associated with focusing solely on the Chinese catering industry and to adapt to the ever-changing consumer preferences, ultimately striking for the best interest of the Company and its shareholders.

The management of the Group will continue to keep on monitoring and adjusting nimbly the Group’s operating strategies to address the consumer needs, capture holiday spending and regain growth in revenue. The Group will continue to stay agile through evolving market conditions and strengthen its competitive edges to drive for long term growth and enhance shareholder value of the Group.

MATERIAL EVENTS

Suspension of Restaurant in Wanchai

The Group’s restaurant operated under the brand name “Dragon Gown (龍袍)” and located in Wanchai, Hong Kong, has suspended its operations since 13 October 2025, primarily attributable to the enforcement of a warrant of distress by the Bailiff of the High Court. For details, please refer to the paragraphs under the section headed “MATERIAL LITIGATION – HCA457/2022” in this report.

Management Discussion and Analysis

Termination of Major Transaction

Reference is made to the Company's announcements dated 25 November 2025 and 22 December 2025.

On 25 November 2025, Scorching Dragon International Group Limited ("**SDIG**"), a direct wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement (the "**SPA**") with Townfield Limited ("**TL**"), as vendor, pursuant to which SDIG conditionally agreed to acquire 55% of the total issued share capital of Focus Aim Investments Limited (the "**Target Company**") (the "**Sale Shares**") and take up the assignment of 55% of the amount of the rental deposit in the amount of HK\$941,496.50 paid by TL on behalf of the Target Company (the "**Sale Loan**"), and TL conditionally agreed to sell the Sale Shares and to assign the Sale Loan to SDIG.

On 22 December 2025, SDIG and TL entered into a termination agreement (the "**Termination Agreement**") pursuant to which SDIG and TL have mutually agreed to terminate the SPA effective on the date of the Termination Agreement. Pursuant to the terms of the Termination Agreement, SDIG shall reimburse TL the costs incurred by TL in the amount of HK\$20,000 in relation to the execution of the SPA. Upon termination of the SPA, the SPA ceased to have any further force or effect save for any antecedent breaches of the terms under the SPA prior to the termination.

Discloseable Transaction – Tenancy Agreement

On 23 December 2025, Scorching Dragon F&B Group Limited ("**SDFB**"), an indirect wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "**Tenancy Agreement**") with Gentle Forest Limited, as landlord, in respect of certain premises (the "**Premises**") located in Kowloon for a term of two years commencing from 1 January 2026. The monthly rent under the Tenancy Agreement is HK\$120,000, exclusive of management fee, rates and land rent. The Premises are used for the operation of a new restaurant under the brand name of "旺角(龍皇)海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)".

For details, please refer to the Company's announcement dated 23 December 2025.

Termination of Discloseable Transaction

Reference is made to the Company's announcements dated 27 June and 26 December 2025.

On 27 June 2025, the Company entered into a business introduction agreement (the "**Business Introduction Agreement**") with Calvary Consultant Limited (the "**Introducer**"), pursuant to which the Introducer agreed to act as an independent business intermediary to identify and introduce potential restaurant business sellers to the Group for acquisition consideration. In return, the Introducer is entitled to receive a success fee upon completion of a formal acquisition agreement between the Group and any introduced seller.

The Business Introduction Agreement, which took effect upon signing and had a fixed term of six (6) months, expired on 26 December 2025. No success fee was paid or became payable to the Introducer during the term of the Business Introduction Agreement. The refundable earnest money in the amount of HK\$3,000,000 have been refunded to the Group in accordance with the terms of the Business Introduction Agreement.

Management Discussion and Analysis

CAPITAL STRUCTURE

Placing

References are made to the announcements of the Company dated 2 June 2025, 13 June 2025 and 20 June 2025 in respect of the issue of new shares by the Company under general mandate.

On 2 June 2025, Rifa Securities Limited (the “**Placing Agent**”) and the Company entered into a placing agreement (the “**Placing Agreement**”), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, maximum of 48,384,000 placing Shares to the placees who and whose ultimate beneficial owners would be third parties independent of the Company and not connected with the Company and its connected persons. On the date of the Placing Agreement, the closing price was HK\$0.048 per Share as quoted on the Stock Exchange. The Board was of the view that (i) the Placing could strengthen the capital base and financial position of the Company; (ii) the Placing could broaden the shareholder base of the Company; and (iii) the Placing would not increase the burden of interest payments as compared with debt financing.

On 20 June 2025, the Company completed a placing (the “**Placing**”) of 48,384,000 ordinary Shares at a placing price of HK\$0.10 per Share under general mandate. The net proceeds from the Placing amounted to approximately HK\$4.55 million, and the net price (after deducting related costs and expenses of the Placing) under the Placing was approximately HK\$0.094 per placing Share. The aggregate nominal value of 48,384,000 Placing Shares under the Placing was HK\$4,838,400.

As disclosed in the Company’s announcement dated 20 June 2025, all Shares issued under the Placing were allotted to Mr. Lee Cheong Sun (“**Mr. Lee**”). As disclosed in the Company’s announcement dated 13 June 2025, to the best of the Directors’ knowledge, information and belief, Mr. Lee is a merchant in Hong Kong and he is an independent third party of the Company and not connected with the Company and its connected persons. Set out below is the actual use of net proceeds of the Placing during the year ended 31 December 2025.

Use of net proceeds	Net proceeds utilised during the year ended		Unutilised net proceeds as at
	Net Proceeds	31 December 2025	31 December 2025
	HK\$’000	HK\$’000	HK\$’000
General working capital of the Group	1,700	1,700	–
Business development of the Group	2,000	2,000	–
Settlement of liabilities	850	850	–
Total	4,550	4,550	–

The Company confirms that the net proceeds of the Placing were utilised in accordance with the intended use as previously disclosed in the Company’s announcement dated 2 June 2025 and there has been no material change or delay in the use of such proceeds.

As at 31 December 2025, the issued share capital of the Company was HK\$29,030,400 (represented by 290,304,000 Shares).

Management Discussion and Analysis

Capital Reorganisation

Reference is made to (i) the circular (the “**Circular**”) and the notice of the extraordinary general meeting (the “**EGM**”) of the Company dated 26 September 2025; and (ii) the Company’s announcement dated 17 October 2025 in respect of the poll results announcement of the EGM convened on 17 October 2025.

At the EGM convened on 17 October 2025, the following resolutions, among other things, were proposed and duly passed:

- (i) approving share consolidation on the basis that every five (5) issued and unissued existing Shares of par value of HK\$0.10 each be consolidated into one (1) consolidated Share (“**Consolidated Share**”) of par value of HK\$0.50 each (the “**Share Consolidation**”); and
- (ii) approving capital reduction and share sub-division which comprises (a) after the Share Consolidation becoming effective, capital reduction involving a reduction of the par value of each issued Consolidated Share from HK\$0.50 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.49 on each of the then issued Consolidated Shares (the “**Capital Reduction**”); and (b) immediately following the Capital Reduction, each of authorised but unissued consolidated shares of par value of HK\$0.50 each will be sub divided into fifty new shares of par value of HK\$0.01 each (the “**Share Sub-division**”).

Reference is made to the Company’s announcement dated 20 October 2025 in respect of the trading halt of the Shares at 9:00 a.m. on Monday, 20 October 2025. Since the trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 20 October 2025, the expected timetable set out in the Circular (the “**Original Expected Timetable**”) will be revised. The effective date of the Share Consolidation, together with other dates set out in the Original Expected Timetable, will be postponed to later dates to be announced by the Company.

As at the date of this report, the Share Consolidation, the Capital Reduction, and the Share Sub-division have not yet become effective.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded the liquidity and capital requirements principally from cash generated from operations and bank and other borrowings.

As at 31 December 2025, the Group had bank and other borrowings of approximately HK\$84.2 million which was denominated in Hong Kong dollars (as at 31 December 2024: approximately HK\$93.5 million). The Group’s bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2025, the Group’s cash and cash equivalents were approximately HK\$3.7 million (as at 31 December 2024: approximately HK\$6.9 million).

GEARING RATIO

As at 31 December 2025, the gearing ratio of the Group was approximately 595.4% (as at 31 December 2024: approximately 375.9%). Gearing ratio is calculated as net debt divided by capital and net debt. Net debt represented total liabilities (excluding tax payable) of the Group less cash and cash equivalents. Capital represented the equity attributable to owners of the Company.

Management Discussion and Analysis

CHARGE ON GROUP ASSETS

As at 31 December 2025, the borrowings were secured by a building owned by the Group which is amounted to approximately HK\$24.8 million (as at 31 December 2024: approximately HK\$25.5 million), respectively, for certain banking facilities granted to the Group.

SEGMENT INFORMATION

Segmental information of the Group is disclosed in note to the consolidated financial statements of the Group for the year ended 31 December 2025 (the “**Consolidated Financial Statements**”).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during FY2025. There were no other plans for material investments or capital assets as at 31 December 2025.

FOREIGN EXCHANGE EXPOSURE

Most of the income and expenditure of the Group are denominated in Hong Kong dollar, the Group does not have any material foreign exchange exposure. During FY2025, the Group had not used any financial instruments for hedging purposes.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group’s cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2025 (as at 31 December 2024: Nil).

COMMITMENTS

The Group did not have any commitments as at 31 December 2025 (as at 31 December 2024: Nil).

FINAL DIVIDEND

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

INFORMATION ON EMPLOYEES

As at 31 December 2025, the Group had about 8 employees (as at 31 December 2024: 41 employees) working in Hong Kong. Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various kind of trainings were provided to the employees. The total staff costs (including remuneration of Directors and mandatory provident fund contributions) for FY2025 amounted to approximately HK\$10.4 million (FY2024: approximately HK\$25.3 million).

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign currency risk

The Group currently does not expose to material foreign exchange risk as most of the monetary assets and liabilities are denominated in HKD.

Credit risk

The Group trades with a large number of individual customers and trading terms are mainly on cash and credit card settlement. In view of the Group's operation, it does not have significant credit risk exposure to any single individual customer. The credit risk of the other financial assets comprises carrying amounts of cash and cash equivalents and deposits and other receivables. These credit risks are monitored on an ongoing basis.

Liquidity risk

The Group has policy in place to regularly monitor the Group's liquidity requirements, both existing and expected, in order to maintain sufficient reserves of cash from short term to long term. The Directors are of the view that the liquidity risk management policy enables the Group to have sufficient resources to meet the debt obligations and working capital needs.

Capital risk

The Group's objectives for managing capital are to ensure the ability to continue as a going concern in order to provide returns for the shareholders of the Company (the "**Shareholders**") and to maintain an optimal capital structure to minimise the cost of capital. To maintain or adjust capital structure, the Group may adjust dividend payout ratio, make return of capital to Shareholders in the form of dividend or Share buyback, issue new Shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during FY2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has implemented a wide variety of green measures, including the responsible use of resources, an energy saving program, waste management and reduction in carbon emissions to alleviate the intensity of environmental impact to the community. Environmental considerations are always an integral part of the Group's decision-making process and it believes that by focusing on reducing resource consumption during its operations and engaging the community in its work, it can act as one of the catalysts for a sustainable future. To help conserve the environment, the Group implements green practices such as encouraging duplex printing, reusing of single-side used paper, reducing energy consumption by maximising the use of natural light and energy-saving lighting systems and switching off computers, printers, machines and other electronic devices after office hours or when leaving the workplace. The Group's operation has complied in all material respects with currently applicable local environmental protection laws and regulations in Hong Kong during the Year.

For further information in relation to the environmental policies and performance of the Group, please refer to the Group's Environmental, Social and Governance Report on pages 43 to 63.

Management Discussion and Analysis

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY OR SALE OF TREASURY SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the GEM Listing Rules) during FY2025. As at 31 December 2025, there were no treasury shares (as defined under the Listing Rules) held by the Company.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders in order to meet its immediate and long-term goals. During FY2025, there was no material or significant dispute between the Group and its suppliers, customers and other stakeholders.

EVENTS AFTER THE REPORTING PERIOD

Resumption Guidance

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 20 October 2025.

On 9 January 2026, the Stock Exchange sent a letter to the Company, setting the guidance for the resumption of trading in the Shares on the Stock Exchange (the "**Resumption Guidance**"). Pursuant to the Resumption Guidance, the Company shall:

- (i) demonstrate its compliance with GEM Rule 17.26;
- (ii) re-comply with GEM Rules 5.05(1) and 5.28; and
- (iii) inform the market of all material information for the Company's shareholders and investors to appraise its position.

The Company has fulfilled resumption condition (ii) since 16 January 2026.

The Company must meet all the Resumption Guidance, remedy the issues causing its trading suspension, and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume.

Under Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expires on 19 October 2026. If the Company fails to remedy the issues causing its trading suspension, fulfil the Resumption Guidance and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction and resume trading in its Shares by 19 October 2026, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 9.01, 9.04, 9.14 and 9.15 of the GEM Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period or to cancel the listing of the Company immediately, where appropriate.

For details of the Resumption Guidance, please refer to the Company's announcement dated 19 January 2026.

Management Discussion and Analysis

Opening of New Chinese Restaurant Under the Group

The Group's Chinese restaurant, operating under the brand name of “旺角(龍皇)海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)”, officially commenced operations on 22 January 2026. This restaurant offers Cantonese cuisine featuring fresh seafood, soups, and exquisite fried dishes, catering to a variety of dining occasions including group dining, corporate hospitality, and casual meals for small parties. The opening of this restaurant represents the determination of the Board to proactively re-formulate and redevelop the Group's business operations. For details, please refer to the Company's announcement dated 30 January 2026.

The Group plans to open additional Chinese restaurants during the year ending 31 December 2026. The Group has identified a number of suitable locations and is currently in negotiations with landlords with a view to expanding its Chinese restaurant operations. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

Change of Company Name

The Company's English name has been changed from “Dragon King Group Holdings Limited” to “Scorching Dragon Holdings Limited” and its dual foreign name in Chinese from “龍皇集團控股有限公司” to “炙龍控股有限公司” on 30 October 2025. The Hong Kong Registrar of Companies issued the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 15 December 2025, which confirmed that the English name of the Company registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) was changed from “Dragon King Group Holdings Limited” to “Scorching Dragon Holdings Limited” and the Chinese name was changed from “龍皇集團控股有限公司” to “炙龍控股有限公司”.

The stock short name of the Company for trading in the Shares on the Stock Exchange has been changed from “DRAGON KING GP” to “S. DRAGON” in English, and from “龍皇集團” to “炙龍控股” in Chinese, respectively, from 9:00 a.m. on 6 February 2026. The stock code of the Company for trading in the Shares on the Stock Exchange will remain unchanged as “8493”.

For details of the change of company name, please refer to the Company's announcement dated 3 February 2026.

Discloseable Transaction – Offer to Licence

On 26 March 2026, TF F&B Limited, an indirect wholly-owned subsidiary of the Company as licensee, entered into an offer letter (the “**Offer Letter**”) in respect of a license to occupy a shop located in a shopping mall in Lai Chi Kok, Kowloon, Hong Kong, for a term of two years commencing from 1 April 2026 for a new Chinese restaurant under the brand name of Tong Arch “唐坊” to be opened by the Group. It is expected that Tong Arch “唐坊” is able to be opened within May 2026. For details of the Offer Letter, please refer to the Company's announcement dated 26 March 2026.

Management Discussion and Analysis

MATERIAL LITIGATION

District Court of the Hong Kong Special Administrative Region

DCCJ838/2022

On 22 March 2022, Oriental Etrade Limited ("**Oriental**"), a wholly-owned subsidiary of the Company, as defendant, received a writ of summons issued by Lawrence Chan & Co. ("**LCC**") as plaintiff ("**DCCJ838 Writ**"). The DCCJ838 Writ relates to a claim by LCC in respect of a dishonoured cheque drawn by Oriental in favour of LCC. The orders sought by LCC against Oriental under the DCCJ838 Writ are (i) the sum of HK\$2,000,000; (ii) interest thereon; and (iii) costs.

On 11 May 2022, a final judgment was made against Oriental, whereby Oriental shall pay LCC the sum of HK\$2,000,000 and interest thereon as well as costs.

High Court of the Hong Kong Special Administrative Region

HCA457/2022

On 4 May 2022, Premier Oriental Limited ("**Premier**"), a wholly-owned subsidiary of the Company, as defendant, received an amended writ of summons issued by Wan Kin Engineering Limited ("**WKE**") as plaintiff ("**HCA457 Writ**"). The HCA457 Writ related to a claim by WKE in respect of a contract sum for certain decoration and renovation work undertaken at Dragon Gown (龍袍), the Group's restaurant in Wanchai, Hong Kong.

The Bailiff of the High Court has enforced a warrant of distress (the "**Warrant**") against Premier and has seized goods and chattels of Premier at the business place of Dragon Gown (龍袍) for recovery of an outstanding judgment debt of HK\$519,100, together with accrued interest thereon at the judgment rate and other costs of execution, in favour of WKE against Premier.

HCCW674/2024

In November 2024, Wealth Club Limited ("**Wealth Club**"), an indirect wholly-owned subsidiary that previously operated a restaurant in Whampoa until its closure in April 2024, received a winding-up petition after refusing to settle an outstanding debt of approximately HK\$17,000.

Subsequently, on 12 February 2025, Wealth Club was ordered to be wound up pursuant to an order of the High Court of Hong Kong (the "**High Court**"). On 26 September 2025, Wong Sun Keung and Tsui Mei Yuk Janice, both of Room 1502, 15/F., Tung Hip Commercial Building, 248 Des Voeux Road Central, Central and Western District, Hong Kong, were appointed by a court order as the joint and several liquidators of Wealth Club.

HCCW381/2025

On 24 June 2025, a winding-up petition (the "**Petition**") was filed by a creditor against King Harbour Limited ("**King Harbour**"), an indirect wholly-owned subsidiary of the Company. The Petition was filed in the High Court under HCCW381/2025. King Harbour previously operated a restaurant in Kwun Tong until its operations ceased in June 2024.

Subsequently, on 3 September 2025, King Harbour was ordered to be wound up pursuant to an order of the High Court, and Arab Osman Mohammed and Wong Kwok Keung, both of 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong, were appointed by the Official Receiver as the joint and several provisional liquidators of King Harbour.



Management Discussion and Analysis

DISCLAIMER OF OPINION

Prism Hong Kong Limited (the “**Auditor**”) expressed a disclaimer of opinion in the independent auditor’s report (the “**Independent Auditor’s Report**”) on the Consolidated Financial Statements. Because of the significance of the matter described in the “Basis for Disclaimer of Opinion” section in the Independent Auditor’s Report, the Auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Consolidated Financial Statements. Additional information in relation to the disclaimer of opinion regarding the material uncertainties relating to going concern is provided in the Corporate Governance Report in this annual report.

Biographical Details of Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Yuen Lung Alfred (陳元龍) (“Mr. Chan”), aged 61, was appointed as an executive Director, the chairman of the Board, and an authorised representative of the Company on 20 May 2025. He is responsible for the overall strategic planning, business development and management of the Group. With his extensive business network, Mr. Chan has also made significant contributions to the Group’s financial planning and business development.

Mr. Chan has more than sixteen years of experience in senior management of investment and information technology sectors. Over the course of his career, Mr. Chan has been responsible for managing daily operations, formulating business plans, allocating resources, overseeing business processes and shaping the future development directions of the businesses under his management.

Mr. Li Tao (李濤) (“Mr. Li”), aged 38, was appointed as an executive Director on 23 May 2024. He was appointed as the authorised representatives of the Company between 14 March 2025 and 20 May 2025. Mr. Li is also a director of two subsidiaries of the Company. He holds a bachelor’s degree in Business Administration from a university in the PRC. Mr. Li has more than fifteen years of experience in internet entrepreneurship and corporate management. He was previously responsible for platform channel development and management for Alibaba Group (stock code: 9988.HK). Mr. Li has extensive experience in traditional B2B product sales including but not limited to direct sales team management and agent channel development.

Ms. Tang Po Yee Joey (鄧寶誼) (“Ms. Tang”), aged 42, was appointed as an executive Director and a member of the nomination committee of the Company on 1 September 2025.

Ms. Tang has over 10 years of working experience in human resources and corporate management. She has held managerial and executive support roles in subsidiaries of a company listed on the Main Board of the Stock Exchange, where she was responsible for coordinating corporate matters, supporting board-level executives, and assisting in the management of day-to-day operations. With her extensive experience in human resources and corporate management, Ms. Tang has contributed to strengthening the Group’s governance framework and supporting its future development.

Independent non-executive Directors

Mr. Chow Yik (周翊) (“Mr. Chow”), aged 44, was appointed as an independent non-executive Director, a member of each of the audit committee, remuneration committee and nomination committee of the Company on 30 October 2023. He was appointed as the chairman of the remuneration committee of the Company on 17 November 2023.

Mr. Chow obtained a bachelor’s degree in Engineering, majoring in Electronic and Communication Engineering from the City University of Hong Kong and a master’s degree of Business Administration programme (“EMBA”) at the School of Economics and Management of Tsinghua University. From December 2020 to January 2025, Mr. Chow was an executive director of CBK Holdings Limited (stock code: 8428), and from December 2020 to May 2024 and July 2024 to January 2025, he was also the chairman of CBK Holdings Limited (stock code: 8428). From April 2020 to June 2021, Mr. Chow was the executive director of Wuxi Life International Holdings Group Limited (formerly known as Aurum Pacific (China) Group Limited) (stock code: 8148).

Biographical Details of Directors and Senior Management

Mr. Yu Kwan Tseung Alvin (俞君象) (“Mr. Yu”), aged 50, has been served as an independent non-executive Director, the chairman of the audit committee, the chairman of the nomination committee, and a member of the remuneration committee of the Company from 1 December 2025.

Mr. Yu obtained a bachelor’s degree in science, majoring in accounting and finance from University of Maryland, College Park, U.S.A. in 1998. He is a member of American Institute of Certified Public Accountants. He joined the accounting industry in the United States and has since accumulated extensive experience across various financial and management roles. Mr. Yu began his career at KPMG, LLP in Washington, DC, as a staff accountant from September 1999 to May 2002, and he has been the financial controller at Golden Square Commercial Trade Group since October 2015.

Mr. Yu currently serves as independent non-executive director of Zhongke Group Holdings Limited (stock code: 3321), the shares of which are listed on the Main Board of the Stock Exchange. He also held the position of executive director and chief financial officer at New Western Group Limited (stock code: 8242) (the listing shares were cancelled on 4 May 2022) from March 2021 to December 2021.

Mr. Tam Tsz Hin (譚子軒) (“Mr. Tam”), aged 45, has been served as an independent non-executive Director, a member of each of the audit committee, the nomination committee, and the remuneration committee of the Company from 16 January 2026.

Mr. Tam has extensive experience in the banking and finance sector. He has been serving as the managing director of Celebrity Credit Limited since May 2013. In this role, he is responsible for overseeing the management of huge loan portfolios, managing risks, and ensuring compliance with anti-money laundering and counter-terrorist financing requirements. Prior to his current role, Mr. Tam served as a general manager of MS Company Limited from February 2012 to April 2013. He also held senior sales positions at various international banks from 2008 to 2012. Since 16 July 2025, Mr. Tam has served as independent non-executive Director of Zhongke Group Holdings Limited (stock code: 3321), the shares of which are listed on the Stock Exchange.

Corporate Governance Report

INTRODUCTION

The Company is committed to achieving and maintaining high standard of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the Shareholders and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of its Shareholders.

CORPORATE GOVERNANCE PRACTICE

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the Year, except the following deviations:

Code provision C.1.7 of the CG Code requires that the company should arrange appropriate insurance cover in respect of legal action against its directors. The Company did not arrange such insurance cover during the FY2025 as the Board considered that the risk of material legal claims against Directors is minimal. Nevertheless, the Board will review this arrangement from time to time in light of the prevailing circumstances and arrange for appropriate insurance coverage when necessary.

Code provision C.2.4 of the CG Code requires the chairman to provide leadership for the board. Each of the Directors has the responsibility to ensure the Board works effectively and perform its responsibilities. Prior to the appointment of the current chairman of the Board, Mr. Chan Yuen Lung Alfred, on 20 May 2025, the previous chairman of the Board delegated Mr. Li Tao, the executive Director, to perform his leader role when the previous chairman of the Board absent from meetings.

Code provision C.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The current chairman of the Board did not hold a meeting with the independent non-executive Directors during FY2025, he delegated the Company Secretary to gather any concerns and/or questions that the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course. On 31 March 2026, Mr. Chan Yuen Lung Alfred, the Chairman of the Board, convened a meeting with the independent non-executive Directors without the presence of other Directors.

Code provision D.2.2 of the CG Code requires the company should have an internal audit function. The Group has yet to establish its internal audit function during FY2025. The audit committee of the Company (the “**Audit Committee**”) and the Board, have considered the communications with the Company’s external auditor in respect of any material control deficiencies identified during the course of the financial statements audit to form the basis to review the adequacy and effectiveness of the Group’s risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

Code provision F.1.3 of the CG Code requires the chairman of the board and the chairpersons of any other committees of the company to attend and answer questions at the annual general meeting. Mr. Tsung Ching Fung, the previous chairman of the Audit Committee was not available for the annual general meeting of the Company held on 26 June 2025 due to other work commitments.

Corporate Governance Report

CORPORATE CULTURE

A positive and progressive corporate culture across the Group is vital for the Company to achieve its purpose towards the sustainable growth. It is the role of the Board to foster the Group's corporate culture with the core principles of integrity and accountability to guide the behaviours of its employees and ensure that the Company's purpose, values and business strategies are aligned to it.

BOARD OF DIRECTORS

Board Composition

The Board currently comprises six Directors of which three are executive Directors and three are independent non-executive Directors. The Directors as at the date of this annual report are as follows:

Executive Directors

Mr. Chan Yuen Lung Alfred (*Chairman*) (appointed on 20 May 2025)

Mr. Li Tao

Ms. Tang Po Yee Joey (appointed on 1 September 2025)

Independent non-executive Directors

Mr. Chow Yik

Mr. Yu Kwan Tseung Alvin (appointed on 1 December 2025)

Mr. Tam Tsz Hin (appointed on 16 January 2026)

Biographical details of the existing Directors are set out in "Biographical Details of Directors and Senior Management" on pages 21 to 22 of this annual report.

With the various experience of the executive Directors and independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

RESPONSIBILITIES OF THE BOARD

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provisions in the CG Code and disclosures in this annual report.

Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management of the Company (the "**Senior Management**");

Corporate Governance Report

3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

Directors are fully committed to their roles and have acted in the best interests of the Group and its Shareholders at all times. There is no financial, business, family or other material/relevant relationship among the Directors.

DELEGATION BY THE BOARD

Daily operation and management of the business of the Group, inter alia, the implementation of strategies is delegated to the executive Directors along with other senior executives. They report periodically to the Board about their work and business decisions.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual in order to balance the distribution of power. Since 6 October 2022 and up to the date of this report, the Company has not had any officer with the title of chief executive officer. Following the vacation of office of Mr. Tang Hong Jiang on 14 March 2025, the Board appointed Mr. Chan Yuen Lung Alfred as chairman of the Board on 20 May 2025. The role of the CEO has been performed collectively by all the executive Directors. The Board considers that this arrangement allows contributions from all executive Directors with different expertise and is beneficial to the continuity of the Company's policies and strategies and in the interests of the Shareholders as a whole. The Board shall nevertheless review the structure from time to time and shall consider appropriate adjustment should suitable circumstance arise.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensuring that the interests of all Shareholders are taken into account. All independent non-executive Directors possess suitable and appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any Shares.

As at the date of this report, the Company had three independent non-executive Directors, namely Mr. Chow Yik, Mr. Yu Kwan Tseung Alvin, and Mr. Tam Tsz Hin. The Company has received from each independent non-executive Director a confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules as at the date of this annual report. The Company considered that all the independent non-executive Directors continue to provide a balanced and independent view to the Board and play a leading role in the Board committees and bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors, Mr. Chan Yuen Lung Alfred, Mr. Li Tao, and Ms. Tang Po Yee Joey, has entered into a service agreement with the Company for a term of three years, commencing from their effective dates of appointment. The service agreements are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with the articles of association of the Company (the “**Articles of Association**”) and the applicable GEM Listing Rules. Mr. Chow Yik, an independent non-executive Director, has not entered into any service contract with the Company. Each of Mr. Yu Kwan Tseung Alvin, Mr. Tam Tsz Hin, independent non-executive Directors, has entered into a service agreement with the Company for a term of two years, commencing from their effective dates of appointment.

On 29 August 2025, 27 November 2025, and 16 January 2026, (i) Ms. Tang Po Yee Joey; (ii) Mr. Yu Kwan Tseung Alvin; and (iii) Mr. Tam Tsz Hin obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules, respectively. The abovementioned Directors have confirmed that they understood their obligation as a Director.

According to Article 108 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Article 112 of the Articles of Association provides that any Directors who are appointed to fill casual vacancies shall hold office only until the first annual general meeting of the Company after their appointments and shall then be eligible for re-election.

In accordance with Article 108 of the Articles of Association, Mr. Li Tao and Mr. Chow Yik will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In accordance with Article 112 of the Articles of Association, Ms. Tang Po Yee Joey, Mr. Yu Kwan Tseung Alvin, and Mr. Tam Tsz Hin will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS’ TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development (“**CPD**”) for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

Each of the Directors has received a formal and comprehensive induction on the first occasion of their appointments to ensure that they have a proper understanding of the operations and businesses of the Company and are fully aware of the Directors’ responsibilities under the GEM Listing Rules, other legal and regulatory requirements and the Company’s policies. During the Year, all existing Directors were provided with updates on the latest developments and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time to develop and refresh the Directors’ duties and responsibilities. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

Corporate Governance Report

The CPD training record during the Year of each Directors as at the date hereof is set out below:

	Types of CPD training
Executive Directors	
Mr. Chan Yuen Lung Alfred	B
Mr. Li Tao	B
Ms. Tang Po Yee Joey	B
Independent non-executive Directors	
Mr. Chow Yik	B
Mr. Yu Kwan Tseung Alvin	A, B
Mr. Tam Tsz Hin	B

A: attending seminars and/or conferences and/or forums

B: reading journals, newsletter, seminar materials and updates relating to the latest development of the GEM Listing Rules, other applicable regulatory requirements and directors' duties and responsibilities

BOARD COMMITTEES

The Board has established three Board committees, namely, the Audit Committee, the remuneration committee of the Company (the "**Remuneration Committee**") and the nomination committee of the Company (the "**Nomination Committee**"), for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the websites of the Stock Exchange and the Company. All Board committees should report to the Board on their decisions or recommendations made.

The Company has not established a dedicated committee for the corporate governance function. Instead, the Board of Directors collectively oversees the matters related to corporate governance. This includes the development and review of corporate governance policies and practices, and the provision of recommendations regarding any necessary changes or updates. The Board is also responsible for monitoring and reviewing the Code of Conduct and compliance status of Directors and employees, overseeing the training and continuous professional development of Directors and Senior Management, and discharging any other corporate governance duties and functions as required.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

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

Corporate Governance Report

Audit Committee

As at the date of this corporate governance report, the Audit Committee comprises three members including three independent non-executive Directors, namely Mr. Yu Kwan Tseung Alvin as the chairman, Mr. Chow Yik and Mr. Tam Tsz Hin.

The written terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company. The Audit Committee reviews the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Year, the Audit Committee held three meetings to review and comment on the Company's 2024 annual results, 2025 interim results, as well as the Company's internal control procedures and risk management system.

The Group's Consolidated Financial Statements have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the Consolidated Financial Statements of the Group comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Remuneration Committee

As at the date of this corporate governance report, the Remuneration Committee comprises three members including three independent non-executive Directors, namely Mr. Chow Yik as the chairman, Mr. Yu Kwan Tseung Alvin and Mr. Tam Tsz Hin.

The written terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company. The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the Emolument Policy and structures for all aspects of Directors' and Senior Management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

During the Year, the Remuneration Committee held three meetings, it has reviewed the remuneration packages and emoluments of Directors and Senior Management and considered that they are fair and reasonable during the Year. No Director or any of his or her associates is involved in deciding his or her own remuneration.

Nomination Committee

As at the date of this corporate governance report, the Nomination Committee comprises four members, namely Mr. Yu Kwan Tseung Alvin, Ms. Tang Po Yee Joey, Mr. Chow Yik, and Mr. Tam Tsz Hin. Mr. Yu Kwan Tseung Alvin, an independent non-executive Director, is the chairman of the Nomination Committee.

Corporate Governance Report

The written terms of reference of the Nomination Committee are posted on the websites of the Stock Exchange and the Company. The Nomination Committee reviews and assess the composition of the Board and the independence of the independent non-executive Directors and makes recommendations to the Board on the appointment or re-appointment of Directors. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates who are outside the Board's circle of contacts and in accordance with the Board Diversity Policy. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

During the Year, the Nomination Committee held three meetings, it has reviewed the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendations on the composition of the Board to achieve the Group's corporate strategy as well as promote Shareholder value. The Nomination Committee identified suitable director candidates and selected or made recommendations to the Board on the appointment or re-election of Directors and succession planning of Directors.

ATTENDANCE RECORDS OF MEETINGS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

The information below are details of all Directors' attendance at the Board meetings, Board committees' meetings and general meeting held during the Year:

Name of Directors Board	Board	Attendance/Number of Meetings			Annual General Meeting	Extraordinary General Meeting
		Audit Committee	Remuneration Committee	Nomination Committee		
Executive Directors						
Mr. Chan Yuen Lung Alfred (<i>Chairman</i>) (Note 1)	13/13	-	-	-	1/1	1/1
Mr. Li Tao	18/18	-	-	-	1/1	1/1
Ms. Tang Po Yee Joey (Note 2)	8/8	-	-	1/1	-	1/1
Mr. Tang Hong Jiang (Note 3)	0/2	-	-	-	-	-
Ms. Liang Li (Note 3)	0/2	-	-	-	-	-
Mr. Huang Ai Chun (Note 3)	0/2	-	-	-	-	-
Non-executive Director						
Ms. Shen Taiju (Note 4)	4/6	-	-	-	1/1	-
Independent non-executive Directors						
Mr. Chow Yik	15/18	3/3	3/3	3/3	1/1	1/1
Mr. Yu Kwan Tseung Alvin (Note 5)	1/1	1/1	-	-	-	-
Mr. Tam Tsz Hin (Note 6)	-	-	-	-	-	-
Mr. Lo Shing Shan (Note 7)	13/14	1/1	3/3	3/3	1/1	0/1
Mr. Tsung Ching Fung (Note 8)	10/14	1/3	1/3	1/3	0/1	0/1

Corporate Governance Report

Notes:

1. Mr. Chan Yuen Lung Alfred was appointed as executive Director and the chairman of the Board on 20 May 2025.
2. Ms. Tang Po Yee Joey was appointed as executive Director a member of the Nomination Committee on 1 September 2025.
3. Mr. Tang Hong Jiang, Ms. Liang Li, and Mr. Huang Ai Chun vacated office as executive Directors on 14 March 2025. Mr. Tang Hong Jiang ceased to be the chairman of the Board and the chairman of the Nomination Committee on the same day.
4. Ms. Shen Taiju retired from the office of non-executive Director on 12 June 2025.
5. Mr. Yu Kwan Tseung Alvin has been served as an independent non-executive Director, the chairman of the Audit Committee, the chairman of the Nomination Committee, and a member of the Remuneration Committee from 1 December 2025.
6. Mr. Tam Tsz Hin has been served as an independent non-executive Director, a member of each of the Audit Committee, the Nomination Committee, and the Remuneration Committee from 16 January 2026.
7. Mr. Lo Shing Shan resigned on 19 October 2025 and ceased to be the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee on the same day.
8. Mr. Tsung Ching Fung resigned on 20 November 2025 and ceased to be the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee on the same day.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealings**"). Based on specific enquiry with the Directors, Mr. Chan Yuen Lung Alfred, Mr. Li Tao, and Ms. Tang Po Yee Joey (executive Directors), Mr. Chow Yik and Mr. Yu Kwan Tseung Alvin (independent non-executive Directors) confirmed that they had fully complied with the Required Standard of Dealings and there was no event of non-compliance throughout the Year.

DIRECTORS' RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors have acknowledged their responsibilities for preparing the consolidated financial statements of the Group which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual consolidated financial statements, and announcements of the Company. The Directors aim to present a balanced, clear and understandable assessment of the Group's position and prospects with timely publication of the consolidated financial statements of the Group.

The Directors are aware of the Group's current liabilities exceeded its current assets by approximately HK\$155.3 million and the Group had net liabilities of approximately HK\$130.7 million as at 31 December 2025. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK\$84.2 million, while its cash and cash equivalents amounted to approximately HK\$3.7 million. These conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Further discussion of this issue has been set out in the section headed "Management Discussion and Analysis" and the Note 3.1 to the Consolidated Financial Statements in this annual report.

Having made appropriate enquiries and examined the major areas which will give rise to the aforesaid significant exposure, the Directors, based on the cash flow forecast which has been prepared on the basis that the Group will successfully implement the plans and measures as set out in the Note 3.1 to the Consolidated Financial Statements, are satisfied that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due. In this connection, the Directors have continued to prepare the financial statements on a going concern basis for the Year and considered that the Group has applied consistent accounting policies and made judgements and estimates that are appropriate and reasonable in accordance with the applicable accounting standards.

INDEPENDENT AUDITOR'S REMUNERATION

The remuneration in respect of audit service provided by the Auditor for the Year was amounted to HK\$800,000. No fee was incurred by the Company for provision of non-audit services by the Auditor.

COMPANY SECRETARY

The Company Secretary assists the Board by ensuring the Board policies and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters. Mr. Ngai Tsz Hin Michael was appointed as the Company Secretary on 15 July 2025, as Mr. Kwan Kar Man resigned as the Company Secretary on the same day.

Mr. Ngai Tsz Hin Michael is a practicing solicitor in Hong Kong, and currently a principal of Michael Ngai & Co. and a partner of Khoo & Co. He also services as a company secretary of various companies listed on the Stock Exchange. He confirms that he has complied with all the required qualifications, experience and training requirements under the GEM Listing Rules.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective risk management and internal control systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Shareholders and the Group's assets at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's financial control, risk management and internal control systems and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established risk management procedures which comprised the following steps:

- Risks identification: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risks according to the likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each function or operation are documented in the risk registry to communicate to the Board and the management of the Company for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee reviewed the Company's risk management and internal control systems in respect of the Year and considered that they are effective and adequate. The Board assessed the effectiveness of risk management and internal control systems by considering the reviews performed by the Audit Committee and concurred the same.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The Company embraced the benefits of having a diverse Board, as such, the Board Diversity Policy aimed to set out the approach to maintaining diversity of the Board. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Corporate Governance Report

As at the date of this corporate governance report, the Board comprises six Directors, of whom five are male and one is female. The Nomination Committee has reviewed the structure, size and composition of the Board ensuring that it has sound diversity and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities will be appointed to the Board to complement the capabilities of existing Directors. The Company has actively sought to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. It also conducts structured recruitment, selection and training programs within the Group to develop more skilled and experienced potential Board members and Senior Management.

As at 31 December 2025, the Group had a total of 8 full-time employees, comprising 6 male and 2 female employees.

The Board is of the view that it is not necessary to set numerical targets and timeline for Board gender diversity for the time being. The Board will continue to take opportunities to increase the proportion of female members when suitable candidates are identified. The Board has reviewed the implementation and effectiveness of the Board Diversity Policy for the Year and considered it to be effective.

Summary of the Board Diversity Policy

When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

The Company commits to selecting the best and most appropriate person for the role. Selection of candidates will be based on the Company's nomination policy (the "**Nomination Policy**") and a range of diversity perspectives, including but not limited to the Company's needs, gender, age, ethnicity, cultural and educational background, professional experience, qualification, skills, knowledge, length of service, and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities.

Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy annually, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

NOMINATION POLICY

The Board has adopted the Nomination Policy, a summary of the Nomination Policy, together with the measurable objectives set for implementing the Nomination Policy, and the progress made towards achieving those objectives are disclosed as below.

Corporate Governance Report

Summary of the 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. This also ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

Measurable Objectives

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the "**Criteria**"):

- (a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, professional experience, skills and know-how;
- (b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;
- (c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;
- (d) Independence;
- (e) Reputation for integrity;
- (f) Potential contributions that the individual(s) can bring to the Board; and
- (g) Commitment to enhance and maximise Shareholder value.

Re-election of Directors at General Meeting

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the Criteria including but not limited to: (a) the overall contribution and service to the Company of the retiring Director(s) including his/their attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and (b) whether the retiring Director(s) continue(s) to satisfy the Criteria. The Nomination Committee and/or the Board shall then make recommendations to Shareholders in respect of the proposed re-election of Directors at the general meeting.

Nomination Process

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

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

Corporate Governance Report

- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from Shareholders with due consideration given to the Criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, together with the recommendation on the proposed remuneration package approved by the Remuneration Committee; and
- (f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registries of Cayman Islands and Hong Kong, respectively.

Monitoring and Reporting

The Nomination Committee will assess and report annually, in the corporate governance report, on the composition of the Board, and launch a formal process to monitor the implementation of the Nomination Policy as appropriate.

Review of Nomination Policy

The Nomination Committee will launch a formal process to review the Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Board adopted an anti-bribery and anti-corruption policy (the "**Anti-Bribery and Anti-Corruption Policy**"). It outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-bribery and anti-corruption, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of bribery and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board and the Audit Committee will review the Anti-Bribery and Anti-Corruption Policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of bribery and corruption.

Corporate Governance Report

WHISTLEBLOWING POLICY

The Board adopted a whistleblowing policy (the “**Whistleblowing Policy**”). It provides employees and the relevant third parties who deal with the Group (e.g. customers and suppliers) with guidance and reporting channels to raise concerns, in confidence and anonymity, with the Audit Committee (or any designated committee comprising a majority of independent non-executive Directors) about possible improprieties in any matter related to the Company. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential. The Board and the Audit Committee will regularly review the Whistleblowing Policy and mechanism to improve its effectiveness.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information (the “**Inside Information Policy**”) which sets out the procedures and internal controls for handling and dissemination of inside information.

The Inside Information Policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- control the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;
- procedures of communicating with the Group’s stakeholders, including Shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group’s affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company.

SHAREHOLDERS’ RIGHT

One of the measures to safeguard the Shareholders’ interest and rights is to separate resolutions proposed at the Shareholders’ meetings on each substantial issue, including the election of individual Directors, for Shareholders’ consideration and voting. All resolutions put forward at the Shareholders’ meetings will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and the Company after the relevant Shareholders’ meeting.

Corporate Governance Report

Procedures for Shareholders to convene an extraordinary general meeting and put forward proposals

Extraordinary general meeting may be convened by the Board whenever it thinks fit, extraordinary general meeting shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings (on a one vote per Share basis) (the “**Requisitionists**”) pursuant to Article 64 of the Articles of Association. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business or resolution(s) specified in such requisition and must be signed by the Requisitionists and deposited to the Company’s head office and principal place of business in Hong Kong at Suite 3902, 39/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. 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 Requisitionist(s) himself (themselves) may do so in the same manner.

Procedures for directing Shareholders’ enquiry to the Board

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments can be addressed to the Company Secretary by mail to the principal place of business in Hong Kong of the Company at Suite 3902, 39/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

Shareholders should direct any questions about their registered shareholdings by mail to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to is-enquiries@vistra.com, who has been appointed by the Company to assist Shareholders with share registration and related matters.

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a Shareholders communication policy (the “**Shareholders Communication Policy**”) with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information of the Company.

The Company has established several channels to communicate with the Shareholders as follows:

- (i) Corporate communications such as annual reports, interim reports and circulars are issued printed form and are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.8493.hk);
- (ii) Periodic announcements are made through the Stock Exchange and published on the websites of the Stock Exchange and the Company;
- (iii) Corporate information is made available on the website of the Company; and
- (iv) Annual and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and Senior Management.

Corporate Governance Report

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's head office and principal place of business in Hong Kong at Suite No. A1, 7th Floor, One Capital Place, 18 Luard Road, Wanchai, Hong Kong.

During the Year, the Board has reviewed the implementation and effectiveness of its Shareholders Communication Policy and the Board believes the Shareholders Communication Policy has been properly implemented and is effective.

CONSTITUTIONAL DOCUMENTS

There was no change to the Articles of Association during the Year.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

On 28 July 2025, Mr. Chan Yuen Lung Alfred, the chairman of the Board, was appointed as the sole director of Scorching Dragon International Group Limited, a direct wholly-owned subsidiary of the Company. He was also appointed as a director of Scorching Dragon Commercial Management Group Limited, an indirect wholly-owned subsidiary of the Company, on 22 August 2025.

On 16 December 2025, Ms. Tang Po Yee Joey, an executive Director, was appointed as a director of Scorching Dragon F&G Group Limited, an indirect wholly-owned subsidiary of the Company.

Save as disclosed elsewhere in this annual report, there were no other changes to the Director's information that are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

GOING CONCERN UNCERTAINTIES

The Directors acknowledge their responsibilities for preparing the Consolidated Financial Statements which give a true and fair view of the state of affairs of the Group. The Directors are aware that the Group's current liabilities exceeded its current assets by approximately HK\$155.3 million and the Group had net liabilities by approximately HK\$130.7 million as at 31 December 2025. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK\$84.2 million, while its cash and cash equivalents amounted to approximately HK\$3.7 million only. These conditions, together with other matters described in Note 3.1 to the Consolidated Financial Statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management's and Audit Committee's views on the Independent Auditor's Opinion on Material Uncertainty Related to Going Concern

As stated in the Independent Auditor's Report, the Auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Company's Consolidated Financial Statements. The Auditor was of the view that, a number of measures have been undertaken to improve the Group's liquidity and financial position as described in Note 3.1 to the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared by the Directors on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, the Auditor was unable to ascertain whether the assumptions made by the Directors in preparing the Consolidated Financial Statements on a going concern basis are proper and appropriate so in turn led to the disclaimer of opinion.

Corporate Governance Report

The Consolidated Financial Statements had been prepared on a going concern basis as the Directors considered the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the Consolidated Financial Statements on a going concern basis after taking into consideration the following plans and measures taken and will be taken:

- (i) management has been considering other financing arrangements and is in the course of discussions with a number of financial institutions including but not limited to right issue, issue of new shares/convertible bonds, or other equity fund raising activities with a view to increasing the Group's capitalisation/equity;
- (ii) the Group had interest-bearing bank and other borrowings of approximately HK\$84,178,000 as at 31 December 2025, of which approximately HK\$71,184,000 is repayable within one year. The remaining interest-bearing bank borrowings, amounting to approximately HK\$12,994,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreements. The Group has been and will continue to raise with other creditors to assess the feasibility of extending or deferring repayment obligations, or to consider other attentive repayment arrangements in order to secure necessary funds to meet the Group's working capital and financial requirements in the foreseeable future. In the opinion of the directors of the Company, the Group will be able to roll over or refinance the bank and other borrowings upon their maturity;
- (iii) the Group is strongly committed to its business of restaurant operations and has been and will continue to accelerate the pace of new openings for initially smaller scale of operations across multiple cuisines to diversify its existing restaurant portfolio if the market conditions allow. On the other hand, the Group will continue to explore different business opportunities in relation to the food and beverage services as well as its peripheral business both in Hong Kong and China to expand revenue source. To demonstrate the determination of the Board to the above, on 23 December 2025, the Group entered into a tenancy agreement to lease a premise in Mong Kok for opening a new Chinese restaurant; and
- (iv) management has been implementing stronger measures aiming at improving the liquidity and financial position of the Group, including but not limited to closely monitoring the operating costs and enforcing cost-saving measures.

However, the Auditor is of the view that the Group's current liabilities exceeded its current assets by approximately HK\$155,334,000 and the Group had net liabilities by approximately HK\$130,742,000 as at 31 December 2025. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK\$84,178,000, while its cash and cash equivalents amounted to approximately HK\$3,736,000 only. These conditions, together with other matters described in Note 3.1 to the Consolidated Financial Statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Audit Committee had critically reviewed the disclaimer of opinion, the management's assessment on the disclaimer of opinion and the measures taken/to be taken by the Company in addressing the concern of the Auditor relating to going concern. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditor's rationale and understood their consideration in arriving its opinion. After careful deliberation, the Audit Committee agreed with the management's position. The Audit Committee requested the management to do its best to implement the proposed measures with the view to addressing the effect on the disclaimer of opinion and having the disclaimer of opinion be removed in the audited financial statements for the year ending 31 December 2026.

Corporate Governance Report

Based on the above, the Audit Committee concurred with the going concern basis and assumptions adopted in preparing the Consolidated Financial Statements.

The Auditor understands that the Directors have been undertaking a number of measures to improve the Group's liquidity and financial position as described in Note 3.1 to the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared by the Directors on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, the Auditor was unable to ascertain whether the assumptions made by the Directors in preparing the Consolidated Financial Statements on a going concern basis are proper and appropriate so in turn led to the disclaimer of opinion.

The Auditor was of the view that the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, the Auditor was unable to ascertain whether the assumptions made by Directors in preparing the Consolidated Financial Statements on a going concern basis are proper and appropriate so in turn led to the disclaimer of opinion.

Measures Conducted to Address the Going Concern Issue

The Company has conducted the following measures to address the going concern issue including but not limited to:

(i) *Planning for equity fundraising exercise*

The Group has conducted fund raising exercises during FY2025. As disclosed in the announcements of the Company dated 2 June, 13 June and 20 June 2025, in relation to the issue of new shares under general mandate, the net proceeds from the placing amounted to approximately HK\$4.55 million.

(ii) *Seeking extension for repayment of liabilities*

The Company has been maintaining regular communication with its banks and other creditors. The Company reached an alternative repayment arrangement with one of its creditors in December 2025 and have continued to liaise with its other creditors to assess the feasibility of extending or deferring repayment obligations, or to consider other alternative repayment arrangements.

(iii) *Developing and exploring different business opportunities in relation to its operation*

Reference is made to the Company's announcement dated 17 October 2025. The then only operating Chinese restaurant of the Group was forced to suspend operations due to the non-repayment of an outstanding judgment debt. Since then, management has been actively seeking to resume the Group's Chinese restaurant operations. In this regard, on 23 December 2025, the Company entered into a new tenancy agreement to open a new restaurant under the brand name "旺角(龍皇)海鮮菜館" (Mong Kok (Dragon King) Seafood Restaurant), which commenced operations in January 2026.

(iv) *Enforcing cost-saving measures*

The Company has continued to implement different cost-saving measures to improve operational efficiency and address the going concern issue. These measures include ongoing efforts to reduce administrative and operating expenses through supplier re-negotiations, enhanced inventory and energy management, and optimisation of manpower deployment.

Corporate Governance Report

Action Plan to be Taken by the Company to Address the Disclaimer of Opinion

The Company has an action plan to address the disclaimer of opinion in the coming financial year, and the management will continue to execute the action plan to address the disclaimer of opinion in the coming months. Some of the revised strategies are as follows:

(i) Planning for equity fund-raising exercise

The Company is in the process of contemplating equity fund-raising exercises including but not limited to rights issue, issue of new shares and/or convertible bonds. The Company intends to apply the proceeds for the repayment of the liabilities and also for further expansion of the Group's existing business segment. The Company will use its best endeavours to explore further fundraising opportunities, targeting to conduct another equity fundraising exercise in due course. Further announcement(s) will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.

(ii) Seeking extension for repayment of liabilities

The Company has been maintaining regular communication with its banks and other creditors. The Company reached an alternative repayment arrangement with one of its creditors in December 2025 and will continue to liaise with its other creditors to assess the feasibility of extending or deferring repayment obligations, or to consider other alternative repayment arrangements. The Group will continue to seek appropriate legal and financial advice in this regard. The Board believes that the potential improvements arising from recent business development opportunities in relation to the Group's operations, together with the Hong Kong Government's continued efforts to promote tourism, will provide a favourable environment for the renewal or extension of the Group's loan facilities.

(iii) Developing and exploring different business opportunities in relation to its operation

The Company will continue to monitor market conditions in the food and beverage sector and identify suitable opportunities for expansion.

The Group has resumed its operation of Chinese restaurant under the brand name of “旺角(龍皇)海鮮菜館 (Mong Kok (Dragon King) Seafood Restaurant)” offering Cantonese cuisine which features fresh seafood, soups, and exquisite fried dishes suitable for group dining, corporate hospitality, and casual meals for small number of individuals. The above-mentioned Chinese restaurant officially opened on 22 January 2026. The opening of this restaurant represents the determination of the Board to proactively re-formulate and redevelop the Group's business operations.

On 26 March 2026, the Group has further entered into letter of offer with AEON Stores (Hong Kong) Co., Limited, as licensor in respect of the opening of the Lai Chi Kok Restaurant. It is expected that the Lai Chi Kok Restaurant will be opened with in May 2026. The Lai Chi Kok Restaurant, together with the Mong Kok Restaurant would definitely contribute solid financial performance to the Group.

Corporate Governance Report

(iv) Enforcing cost-saving measures

The Company will continue to implement different cost-saving measures to improve operational efficiency and address the going concern issue. These measures include ongoing efforts to reduce administrative and operating expenses through supplier re-negotiations, enhanced inventory and energy management, and optimisation of manpower deployment.

The management of the Group will use its best endeavour to implement the above action plan to enhance the financial performance and improve the cash flow of the Group. The management of the Group will continue to keep on monitoring and adjusting nimbly the Group's operating strategies to address the consumer needs, capture holiday spending and regain growth in revenue. The Group will continue to stay agile through evolving market conditions and strengthen its competitive edges to drive for long term growth and enhance shareholder value of the Group.

The prevailing market sentiment and evolving consumption patterns of both local customers and tourists continued to affect the Group's restaurant business during the year. Notwithstanding the uncertain business outlook and persistently high rental levels, the Group has identified new locations for the opening of restaurants and has continued to pursue suitable opportunities for expansion with a view to increasing revenue and strengthening its cash flow position. At the same time, the Group has been progressing with other related business initiatives and collaborations to explore opportunities for income diversification. As a result, the going concern issue remains unresolved during the year. The management has used their best endeavour to deliver their commitments on resolving the going concern issue.

Based on the above action plan, the Company expects that the financial position and cash flow of the Group would improve in the future. Upon discussion with the Auditor, subject to the market situation and the effectiveness of the implementation of the action plan above, the Company expects that the disclaimer of opinion would be removed in the next Auditor's report.

By Order of the Board

Chan Yuen Lung Alfred

Chairman and Executive Director

Hong Kong, 31 March 2026

Environmental, Social and Governance Report

INTRODUCTION

The Group is committed to maintaining high standards of business practices in relation to environmental protection, social responsibility and related governance. With a view to uphold shareholders' confidence and understanding in the Group's efforts in achieving an environmentally and socially well governed and sustainable business, the Group's measures and performance on sustainable development topics are disclosed in a transparent and open manner below.

REPORTING STANDARDS

The "Environmental Social and Governance Report" (collectively the "**ESG Report**") is prepared in accordance with the "Environmental, Social and Governance Reporting Code" ("**ESG Reporting Code**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") set out in Appendix C2 of the GEM Listing Rules. The ESG Report provides a simplified overview on the environmental, social and governance ("**ESG**") performance of the Group. The information in the ESG Report is derived from the Group's official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by the Group.

Reporting Principles

During the preparation of the ESG Report, the Group has applied the following reporting principles in accordance with the ESG Reporting Guide:

Materiality: A materiality assessment was conducted to identify key issues for the Reporting Period. The Board has reviewed and confirmed these material issues, which serve as the focus for this Report. Further details are set out in the "Materiality Assessment" section.

Quantitative: The standards, methodologies, and applicable assumptions used in the calculation of relevant data are disclosed. Where appropriate, KPIs are supplemented by explanatory notes to provide context for the Group's performance during the transitional period.

Consistency: The Group maintains a reporting approach that is substantially consistent with the previous financial year to ensure continuity. However, due to the strategic realignment of the Group's business and the phased cessation of certain operations during the year, certain data points may not be directly comparable to those of FY2024.

REPORTING YEAR

All the information in the ESG Report reflects the performance of the Group in environmental management and social responsibility from 1 January 2025 to 31 December 2025 (the "**Reporting Period**" or the "**FY2025**"). This ESG Report is released annually by the Group for public review so as to improve the transparency and responsibility of information disclosure.

Environmental, Social and Governance Report

REPORTING SCOPE

The Group has undergone a strategic realignment of its business operations during the Reporting Period. Consequently, the scope of this Report primarily covers the Group's headquarter office and core administrative functions in Hong Kong, which represent the primary areas of active environmental and social impact for the Reporting Period.

Due to the phased cessation of operations at the Group's previously managed restaurant outlets during this transitional phase, certain historical operational data from those sites was subject to practical limitations in retrieval. Furthermore, while the Group has successfully established a new restaurant location during the Reporting Period, it had not yet commenced formal operations as of the end of the Reporting Period.

In light of these operational changes, a direct year-on-year comparison of certain environmental and social KPIs may not provide a representative trend for the current year. The Group intends to resume comprehensive data comparison once the new business operations reach a normalized scale, ensuring a meaningful and transparent reflection of our long-term sustainability performance.

After the completion of data collection procedures and system and the Group's materiality assessment, certain ESG issues have been identified by considering their materiality and importance to the Group's principal activities, stakeholders as well as the Group. Those identified ESG issues and key performance indicators ("**KPIs**") have been disclosed in the ESG Report.

ESG GOVERNANCE

The Group has developed its internal strategies and policies with aims to create sustainable values to its stakeholders, thereby to large extent minimising the Group's undue impact on the environment. In order to carry out the Group's sustainability strategy from top to bottom, the Board has ultimate responsibilities for ensuring the effectiveness of the Group's ESG policies.

The Group has established dedicated teams to manage ESG issues within each business division of the Group and kept monitoring and overseeing the progress against corporate goals and targets for addressing climate change. Dedicated teams with designated staff for management of ESG issues have been assigned to enforce and supervise the implementation of the relevant ESG policies cascading through the Group.

With the forward-looking guidance and well-designed plans of action to address underlying ESG matters, the management and responsible teams keep reviewing and adjusting the Group's sustainability policies to satisfy the ever-changing needs of its stakeholders on a regular basis. For instance, through the assignment of the responsibility of progress tracking to different management-level positions, the Group is committed to achieving an excellent performance in ESG management while also remaining competitive compared with its peers. Details of the Group's management approaches in both the environmental and social aspects are elaborated in different sections of this ESG report.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

The Stock Exchange has set forth four principles for reporting in the ESG Reporting Code: materiality, quantitative, balance and consistency, which should form the basis for preparing the ESG Report. As the Stock Exchange emphasises, stakeholder engagement is the method by which materiality is assessed. Through stakeholder engagement, companies can understand wide-ranging views and identify material environmental and social issues.

The Group believes that effective feedback from stakeholders not only contributes to comprehensive and impartial evaluation of its ESG performance, but also enables the Group to improve its performance based on the feedback. Therefore, the Group has engaged in open and regular communication with its stakeholders and investors, employees, customers, suppliers, regulators, communities, non-governmental organizations and media. Over the years, the Group has continued to fine-tune its sustainability focus to address pressing issues. The table below shows how the Group communicates with key stakeholder groups regarding their respective concerns.

Stakeholders and Engagement Methods

Stakeholder	Interests and concerns	Engagement channels
Shareholders and investors	<ul style="list-style-type: none"> • Return on investment • Corporate strategy and governance • Risk mitigation and management 	<ul style="list-style-type: none"> • Annual General Meeting • Interim and annual reports, corporate websites • Announcements, notices of meetings, circulars
Customers	<ul style="list-style-type: none"> • Robust operation management • Full compliance with regulations • Sustainability performance of operations • Food choice and quality • Food safety and hygiene • Service quality • Opinions and complaints handling • Good dining environment 	<ul style="list-style-type: none"> • Interim and annual reports, corporate websites • Regular meetings and communication • Adopt appropriate control management measures at different stages of food production process • Maintain channels of customer communication and feedback at restaurant, social media and complaint hotline, mailbox • Conduct customer surveys regularly and improve performance
Employees	<ul style="list-style-type: none"> • Compensation and benefits • Occupational health and safety • Career development opportunities • Corporate culture and wellbeing 	<ul style="list-style-type: none"> • Provide leisure activities and increase cohesion • In-house training programmes • Performance reviews and appraisals • Promote career development and enhance competence at all levels

Environmental, Social and Governance Report

Stakeholder	Interests and concerns	Engagement channels
Suppliers	<ul style="list-style-type: none"> • Long-term partnership • Ethical business practices • Supplier assessment criteria 	<ul style="list-style-type: none"> • Procurement processes • Audits and assessments
Regulators	<ul style="list-style-type: none"> • Laws and regulations 	<ul style="list-style-type: none"> • Review latest laws and regulations • Inspection
Associations, non-government institutions and media	<ul style="list-style-type: none"> • Voluntary activities • Group activities • ESG reports 	<ul style="list-style-type: none"> • Environmental protection • Investment in social welfare

The business of the Group affects different stakeholders, and each category of stakeholders has different expectations on the Group. The Group will maintain communication with stakeholders continuously, collect opinions of stakeholders through different platforms more extensively and make substantive analysis more comprehensively. At the same time, the Group will enhance the reporting principles of quantification, balance and consistency, in order to define content of the ESG Report and presentation of the information that is more in line with the expectations of stakeholders.

Materiality Assessment

The management and employees who perform major functions in the Group have all participated in preparing the ESG Report to assist the Group in reviewing its operation, identifying relevant ESG matters, and assessing the importance of such relevant matters to our business and stakeholders. Information was collected from relevant departments and business units of the Group based on the major ESG matters that had been assessed.

The materiality assessment process of ESG aspects includes: (1) identification of ESG reporting issues; (2) determining the importance to the corporation under industry standard; (3) priorities listed for stakeholder communication; and (4) evaluation and endorsement by the management. Based on the results thereof, the following issues are most concerned by the stakeholders of the Group:

Environmental Protection

The Group is committed to the long-term sustainability of the environment and communities in which it operates. The Group is also dedicated to meeting the needs of the present without compromising those of the future. We comply with all relevant laws and regulations regarding environmental issues in the regions where we have business operations every year.

Climate Change

The Group has adopted various environmental policies and measures, and promoted energy-saving measures and practices in restaurants and headquarter office to mitigate the risks generated from climate change. The Group's business and brand value will be more widely recognised and enhanced, which may attract more attention from investors.

Environmental, Social and Governance Report

Health and Safety

The health and safety of our employees has always been one of our most important issues. The Group endeavours to provide a safe and healthy work environment for employees to protect them from work-related accidents or injuries. We also share safety-related information through drills and notices to enhance their safety awareness.

Supply Chain Management

The Group focuses on reducing emissions in its operations, engaging suppliers to reduce emissions in supply chains, strengthening the resilience of its business and using its voice to advocate for collective action.

Feedback from Stakeholders

The Group sincerely invites and welcomes all stakeholders to share their opinions and provide suggestions on its sustainable development. Our contact email address is info@8493.hk.

ENVIRONMENTAL PROTECTION

The Group is committed to minimizing the environmental impact of its operations and integrating sustainability considerations into its business decisions. During the Reporting Period, as the Group underwent a strategic transition, our environmental footprint was primarily associated with purchased electricity and water consumption at our administrative facilities.

Recognizing our responsibility to the environment and the community, the Group remains dedicated to promoting resource efficiency. We have established general initiatives focused on energy conservation and water saving to manage our operational consumption. Despite the reduced scale of operations during this period, the Group continues to monitor its resource usage and explores opportunities to enhance environmental performance as we prepare for future business developments.

During the Reporting Period, the Group complied with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

Emissions

Due to the Group's current business nature and the strategic adjustment of its operations during the Reporting Period, the Group does not own or operate a vehicle fleet. Consequently, the Group's operations do not generate material air emissions (such as Nitrogen Oxides, Sulphur Oxides, and Particulate Matter).

Greenhouse Gas ("GHG") Emissions

The Group's GHG emissions during the Reporting Period were primarily attributed to indirect sources related to its administrative and remaining operational activities.

Environmental, Social and Governance Report

Scope 1 – Direct emissions

Due to the Group’s strategic business adjustment and the current absence of a company-owned vehicle fleet, the Group did not generate material Scope 1 direct GHG emissions during the Reporting Period.

Scope 2 – Energy indirect emissions

The Group’s Scope 2 emissions resulted principally from the electricity consumed at its headquarter office and relevant premises. We continue to promote energy-saving habits within the workplace to mitigate these indirect emissions.

Scope 3 – Other indirect emissions

The Group’s Scope 3 emissions mainly involve the indirect environmental impact associated with paper waste disposal at landfills. Other common Scope 3 sources, such as business air travel, were not considered material during the Reporting Period due to the localized nature of the Group’s current activities.

The GHG emissions of the Group during the Reporting Period are summarised as follows:

GHG emissions ¹	Unit	FY2025
Scope 2 (Energy Indirect) emissions – Electricity	tCO ₂ e	110.96
Scope 3 (Other Indirect) emissions – Paper disposal at landfills	tCO ₂ e	1.84
Total GHG Emissions	tCO ₂ e	112.80
Total GHG Emissions Intensity ²	tCO ₂ e/Restaurant property floor area	0.14

Notes:

- (1) GHG emission data are presented in terms of carbon dioxide equivalent and are based on, including but not limited to (i) “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development; (ii) “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange; and (iii) the “Global Warming Potential Values” from the IPCC Sixth Assessment Report.
- (2) During the Reporting Period, the floor area of the Group’s restaurant and office properties was approximately 785.76 sq.m.. This information was also used in the calculation of other intensity information in the ESG Report.

Environmental, Social and Governance Report

Greenhouse Gas Emissions and Energy Conservation

The Group is committed to minimising the adverse impact that its operations may have on the environment. Using energy efficiently will help us to conserve resources and tackle climate change. Energy consumption accounts for a major part of our GHG emissions. We target to reduce the GHG emissions by 5% by FY2030; and to reduce the electricity consumption by 5% by FY2030, using FY2025 as baseline. To reduce our carbon footprint, we have implemented the following measures:

- Insulation system of refrigerators has been well maintained;
- Unwanted materials and thick ice have been regularly cleared and defrosted from refrigerator;
- Prioritisation to equipment and machinery with “energy efficiency” label during the process of procurement; and
- Regularly cleaning and maintenance of electronic equipment in restaurants and offices to maintain high operational efficiency.

Hazardous and Non-hazardous Waste

Due to the business nature, the Group’s operations do not directly generate any hazardous waste.

The Group generates the non-hazardous waste from its operation, which are mainly the kitchen waste and paper. The Group is committed to manage and dispose the non-hazardous waste properly. The Group is committed to establish an electronic office mode where all departments can fully utilize an online system. General business notifications and information transmission are carried out through the online system, thereby minimising printing and copying documents and use of paper. Office paper is encouraged to be used on both sides. Employees are encouraged by the Group to classify the recyclables and non-recyclables. For example, wastepaper and packaging boxes are classified as “recyclable” waste and then regularly collected by waste collectors. For non-hazardous wastes such as paper and general garbage, they will be classified appropriately into recyclable or non-recyclable waste and stored in given collection areas on a centralized basis. Designated personnel will duly dispose of waste and maintain environmental hygiene of the surrounding area.

On the other hand, during the Reporting Period, the Group has yet to implement the reporting mechanism to gather the information of kitchen waste generated. In the future, the Group would plan to implement comprehensive data collection mechanism in respect of the kitchen waste disposed in order to enhance the management thereof.

Use of Resources

The Group adheres to the concept of energy conservation and emission reduction for green business. The major resources used by the Group are principally electricity and water consumed in the head office and restaurants. The Group aims to improve its energy utilisation efficiency to achieve low-carbon practices and emission reduction throughout the operation and strive to save the resources.

The Group recognizes that water is a vital resource and is committed to promoting responsible water usage across its remaining operations. Although our current operational scale has a limited water footprint, we continue to encourage a culture of conservation among our employees through internal communication and workplace reminders.

Environmental, Social and Governance Report

The Group's water consumption is primarily associated with administrative and basic operational needs. We monitor our usage through regular reviews of utility data to ensure consumption remains at a reasonable and efficient level.

Furthermore, the Group has encountered no issues in sourcing water that is fit for purpose. As we move through this business transition, we will continue to evaluate our water management practices and strive to maintain resource efficiency across all our premises.

To reduce our water consumption, we have implemented the following measures:

- Using the tap water for cleaning the private cars or other vehicles is prohibited;
- The water tap shall be turned off timely after the use of water to avoid wasting water;
- Regular inspection and maintenance on equipment shall be conducted; and
- If abnormal situations are found, timely inform relevant departments to handle, so as to avoid wasting water resources.

Energy Consumption

The Group is committed to maximizing energy conservation by promoting the efficient use of power and adopting sustainable practices within its administrative facilities. Our energy management strategy focuses on maintaining an eco-friendly office environment.

During the Reporting Period, the Group's energy consumption was primarily derived from purchased electricity used for administrative and essential operational functions. Due to the strategic realignment of our business, the consumption of non-renewable fuels (such as fuel) was not considered material for this period.

The Group's total energy consumption during the Reporting Period is disclosed in the table below:

Energy consumption	Unit	FY2025
Electricity purchased	MWh	326.37
Total Energy Consumption	MWh	326.37
Energy consumption intensity	MWh/Restaurant property floor area	0.42

The Group strives to maintain the fuel and energy usage at a low level. The Board has set out emission target of the Reporting Period in an attempt to minimize emission and waste produced by the Group in the course of our business activity.

Packaging Materials

Due to the Group's business nature, the consumption of packaging materials is considered immaterial.

Environmental, Social and Governance Report

The Environment and Natural Resources

In the meantime, the Group has continued to give careful consideration to minimise all significant impact on the environmental resources. To develop a green approach at the restaurants and headquarter office, the Group has developed the following measures for daily operation so as to minimise the impact brought to the environmental and natural resources consumption:

Implemented Practice

Restaurants and office equipment

- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce power consumption;
- Used toner cartridges are returned to respective suppliers for recycling;
- All windows and doors must be closed when the air-conditioners turn on;
- Affix saving energy posters near the main switches in order to remind the Group's employees of energy saving;
- The last-man-out is dedicated to check and turn off all machines and equipment;
- Maximise the use of nature light and energy-saving lighting systems;
- Apply optimal temperature setting of air-conditioning;
- Encourage duplex printing;
- Reuse of single-side used paper;
- Upgrade the electrical equipment with high-efficiency energy label continuously; and
- Refill instead of new pen when used-up.

Water

- All staff should fully utilise the water generated from air-conditioners (e.g. cleaning the floor when it is necessary);
- Using the tap water for cleaning the private cars or other vehicles are prohibited.

Lighting

- Switch off non-essential lighting if there are only a few people working in the office or restaurants;
- The last-man-out is dedicated to check and turn off all lighting of the restaurants and head office.

Environmental, Social and Governance Report

Management of Noise

The Group strictly adheres to the Noise Control Ordinance of Hong Kong. It has reduced the noise of air-conditioning and ventilation systems, refrigerating system and water pump system or replaced the equipment that produces noise in daily operation, and has managed and monitored the noise during business operations.

As a socially responsible enterprise, protecting nature and the environment has become an integral part of the Group's corporate culture and important value, the Group constantly looks for ways to maximise benefits with minimal resource consumption and environmental impact, and continue to strive for sustainable development.

During the Reporting Period, the Group has no incidents which have significant impacts on the environment and natural resources.

Climate Change

Climate change is one of the most complicated challenges faced by mankind's in the new century. Global warming gives rise to more frequent extreme weather conditions including changes in precipitation mode, droughts, floods and bushfires. Rise in sea level will make tens of thousands of people in densely populated coastal areas and island countries homeless. Faced with all sorts of problems, individuals, corporations and governments must take immediate actions to tackle climate change.

Relevant Impact and Management Measures

1. Over-emission of greenhouse gases is the main factor causing global climate change. To achieve a low carbon economy, the Group is committed to reducing its greenhouse gas emissions through the approaches of mitigation and adaptation. For example, the Group has strived to mitigate the risks brought by climate change through the adoption of various environmental policies and measures and promoting energy saving measures and habits in office. The Group has also considered potential physical risks of climate change to its daily operation such as storms, fires or heatwaves and to minimise the risks through implementation of the relevant protection measures.
2. For acute physical risks such as storms, floods, heatwaves may cause disruption to the supply chain network. We continue to maintain a large supplier base to ensure that there was alternative choice for goods in the event of our suppliers being affected by extreme weather conditions.
3. For transition risks such as change in laws and regulations and change in customers' preference, as the Group is not producing significant amount of GHG emission and maintaining the minimum level of energy consumption, we believe that such risk is relatively low. Dedicated teams of the Group will continue to identify the risks and opportunities faced by the Group regarding climate change, monitor the updates in new laws and regulations and regularly report to the Board to ensure the Group meet the regulatory requirement and reduce the impacts towards the business operations.

Environmental, Social and Governance Report

SOCIAL

The Group strives to provide a safe working environment for the employees and cares for the overall wellbeing of the employees. In relation to employment and labour practices, the human resources department focuses on employment, health, safety, development and training. The Group complies with laws and regulations on remuneration and dismissal, recruitment and promotion, working hours, rest period, equal opportunity and other benefits as well as anti-discrimination.

Employment

The Group reckons that employees are the most valuable assets of an enterprise and also the cornerstone for sustaining corporate development. It is always the Group's initiative to provide a fair and competitive compensation package to attract and retain quality talents, in the form of a basic salary, incentives bonus, mandatory provident fund, and other fringe benefits. Remuneration packages are reviewed periodically. The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and benefits, working hours and holidays, recruitment and selection, performance management, promotion, employment termination, training and development.

The Group will not discriminate against employees on the grounds of race, skin colour, social status, place of birth, nationality, religion, disability, gender, sexual orientation, trade union membership, political position or age. Besides, the Group has always strictly observed the relevant legislations in Hong Kong regarding the equal employment opportunities, child labour and forced labour. The Group abides by the employment regulations, relevant policies and guidance of the relevant jurisdictions where it operates, including the "Employment Ordinance" and the "Employees' Compensation Ordinance" in Hong Kong.

The Group has the internal procedures to report employees' information regularly in order to review employment practices so as to avoid any non-compliance. Furthermore, the Group strictly complies with the internal recruitment process during recruitment to ensure no employment of child labour and forced labour in any form. The Group also strives to establish harmonious labour relationships so as to increase the working efficiency.

Environmental, Social and Governance Report

As at 31 December 2025, the Group had 8 full-time employees, and 38 employees left subsidiaries due to closure of restaurants, with a staff turnover rate of approximately 155%. The total number of employees and the overall turnover rate of the Group are as follows:

	Number (person)	Turnover rate (%)
Total Workforce	8	155
By Gender		
Male	6	138
Female	2	180
By Category		
Board Member	5	60
Senior Management	–	200
Middle Management	2	180
General Staff	1	173
By Age Group		
Under 30	1	100
30–50	6	133
Above 50	1	190

Health and Safety

The Group is an investment holding company incorporated in the Cayman Islands with headquarter office located in Hong Kong and the nature of the daily operation is mainly office-based where the safety risk is limited. The Group has equipped its office with suitable fire-fighting facilities like fire extinguishers.

The Group's subsidiaries in Hong Kong engage in catering industry to operate Cantonese cuisine restaurants. The Group strongly believes that ensuring to provide a safe working environment for the employees is the most important social responsibility to its shareholders, employees and the community where the Group situates. Therefore, the Group has always regarded that as one of the priorities in corporate management. Sound management systems have been established in occupational health and safety in strict compliance with the Director of Food and Environmental Hygiene ("DFEH") under the Public Health and Municipal Services Ordinance. All equipment including sanitary fitments, ventilation and facilities for cleaning equipment and utensils are monitored by the Group periodically to remain at a high safety standard.

Environmental, Social and Governance Report

Daily operations are inspected by relevant department assigned by the Group, against the established risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and review based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits. Any non-compliance will also be identified and rectified on a timely basis. The Group adopts the following general safety measures for restaurant:

- All floor surfaces in restaurants and kitchens should be kept flat and free from slippery, and effective drainage and immediate cleaning should be maintained to prevent water accumulation;
- Knives and other sharp instruments should be stored in a safe place with blades being protected, and should be used only for their intended purpose;
- All workplaces should have first aid kits in place for easy access by employees;
- Employees operating an oven or steamer should wear appropriate working clothes, protective gloves and aprons; and
- All workplaces and escape exits should be well ventilated and adequately lit.

Prevention and Control Measures for the Epidemic

In compliance with the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (The Regulation) (Cap. 599F), the Group specifies that it will continue to maintain the existing requirements and restrictions on the catering business. Thus, it is a proof of guaranteeing the establishment of a healthy, safe and stable working environment effectively. Every case of injury (if any) is required to be reported to the Group and be assessed individually under the internal guideline procedures. The Group is pleased to report that the rate of accidents and injuries during the Reporting Period was extremely low with zero fatal accident. The summary of work-related fatalities and injuries of the Group is as follows:

	FY2025	FY2024	FY2023
Number of work injuries	–	–	4
Rate of work injury in Hong Kong (per hundred employees)	–	–	3.3
Number of loss days due to work injuries	–	–	174

During the past three years, the Group did not record any accidents that resulted in death or serious bodily injury, did not pay any reimbursements or compensations to the Group's employees due to such accidents, and was not aware of any major non-compliance with laws and regulations in relation to employees' health and safety.

Environmental, Social and Governance Report

Trainings and Development

The Group recognizes that a skilled and professional workforce is essential to its long-term growth. We remain committed to fostering a culture of continuous learning and personal development. During the Reporting Period, the Group's training focus centered on maintaining administrative excellence and preparing for future operational requirements.

Our training policy ensures that employees are provided with guidance relevant to their specific job nature and positions. This includes induction coaching for new staff members to facilitate seamless integration into the Group's corporate culture and operational standards.

Looking forward, as the Group stabilizes its new business operations, we intend to re-intensify our training programs to ensure our talent reserves are well-equipped to support our evolving business model. The Group will continue to evaluate training needs annually to ensure our development initiatives remain aligned with both employee aspirations and corporate objectives.

Labour Standards

The Group always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including the Employment of Children Regulations under the Employment Ordinance in Hong Kong. The Group has also developed rigorous and systematic measures for approval and selection, to prevent ourselves from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations in Hong Kong, Macau and the PRC.

The Group's employment relationship with the employees concerned will be immediately terminated in case there is any irregularities noted in ages or identities. In case any child or forced labour noted, the Group would immediately prohibit the arrangement and perform investigation for the cause and rectify the job arrangement.

The Group arranges the employees' working hours based on the statutory working hour standards and allows them to entitle paid leaves and sick leaves in accordance with labour laws.

Supply Chain Management

Sourcing capability plays an important role in the management of restaurant business, and effective supplier selection is an essential element in this aspect. Leveraging the senior management's experience in the restaurant industry, the Group has developed a supplier selection system based on a set of selection criteria including, but not limited to, the pricing and quality of ingredients, and the reputation, service, agility, delivery efficiency and past performance of the suppliers.

The Group has established and maintained long-term relationships with a number of suppliers. To ensure stable supply of food ingredients and minimise the risk of non-delivery, sub-standard products and supplier's default, the Group generally sources major raw materials from more than one approved supplier. Currently the Group sources the foods from 12 suppliers, all of which are Hong Kong based. The Group places great emphasis on the quality of its raw materials and closely monitors whether the suppliers can achieve the aforesaid criteria.

Environmental, Social and Governance Report

The Group's purchasing department regularly conducts supplier reviews to ensure product quality and safety. All suppliers are required to hold valid licenses required by the government, and all imported goods shall obtain proper clearance from the respective authorities. Goods received from suppliers have to be in compliance with the food labelling requirements and relevant hygiene and sanitary regulations. The Group will also consider suppliers' environmental and social risks during the supplier selection process. Priority will be given to supplier which holds certificates or accreditations related to environmental or social issues as part of our selection criteria. The procedure is applicable to all suppliers for the Group.

Food Safety and Quality Assurance

The Group remains committed to maintaining high standards of product and service quality through a structured management approach. We continue to observe all applicable laws and regulations, including the Food Safety Ordinance of Hong Kong, ensuring that our core policies remain aligned with statutory requirements.

To ensure food safety and quality, the Group maintains a rigorous selection process for its business partners. We prioritize the sourcing of quality ingredients from an approved list of suppliers, focusing on origin, freshness, and safety. The Group's procurement policy includes regular reviews of supplier performance, with provisions to cease cooperation with any party that fails to meet our specified quality benchmarks.

The Group has established standardized protocols for food preservation, storage, and sanitation to ensure consistency and safety across its business interests. Our quality control framework is designed to oversee the entire process from ingredient handling to the dining environment. These procedures are reviewed by management to ensure ongoing compliance with the standards set by relevant government authorities.

The Group recognizes that maintaining customer satisfaction is vital to our reputation and long-term success. We have established communication channels to welcome feedback and comments. Our policy requires that any customer inquiries or requests are handled promptly and professionally, ensuring a responsive and transparent service experience as we prepare to resume full-scale operations.

During the Reporting Period, the number of complaints in relation to food or quality of services was minimal and insignificant. No products sold was needed to be recalled for safety and health reasons.

Protection of Intellectual Property Right and Consumer Privacy

The Group recognises the importance of the protection over intellectual property right and consumer privacy. Proper licences for software and information are obtained by the Group for its business operations.

Meanwhile, the Group handles all information provided by clients, employees and business partners in accordance with Personal Data (Privacy) Ordinance and related laws and regulations to ensure those information is under proper protection.

Anti-corruption

The Group is committed to maintaining the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out the relevant policies in the employee handbook and guides the employees to abide by the code of conduct. The code of conduct provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.



Environmental, Social and Governance Report

Directors and employees are required to make a declaration to the management through the reporting channels when actual or potential conflict of interest arises. Employees cannot receive any gifts from any external parties (i.e. customers, suppliers, contractors, etc.) unless approval is obtained from the management.

The Group has whistle-blowing procedures in effect, encouraging the employees to report directly to the Company's senior management any misconduct and dishonest behaviour, such as bribery, fraud and other offences. Furthermore, the Group has specified in the employee handbook that the Group is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserve the right to take further legal actions against such person.

During the Reporting Period, the Group has complied with the relevant laws and regulations regarding anti-corruption and money-laundering and had no concluded legal cases regarding corrupt practices brought against the issuer or its employees. During the Reporting Period, anti-corruption training was delivered by means of providing related materials to all employees, including Directors, to raise their awareness towards anti-corruption and keep updates on the latest requirement.

Community Investment

The Group is committed to creating sustainable prosperity that brings long-term social and economic benefits for all stakeholders, particularly to maintain the relationship with interest groups which are relevant to business operations. The Group will be actively involved in charitable activities in the communities and cities where our restaurants are operating, and encourage the employees to participate in in-house or external community activities and donations. The Group will continue to explore other means to contribute more to the environment and strive to facilitate the building of a healthy and sustainable society in the future.

Environmental, Social and Governance Report

CONTENT INDEX OF THE ESG REPORTING CODE OF THE STOCK EXCHANGE

Mandatory Disclosure		Section/Statement
Governance Structure		ESG Governance
Reporting Principles		Reporting Principles
Reporting Scope		Reporting Scope
Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Repealed 1 January 2025.	Greenhouse Gas (“ GHG ”) Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and Non-hazardous Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and Non-hazardous Waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous and Non-hazardous Waste
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ‘000s) and intensity (e.g. per unit of production volume, per facility).	Energy consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosure and KPIs

Description	Section/Declaration
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging materials
Aspect A3: The Environment and Natural Resources	
General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change	
General Disclosure Repealed 1 January 2025.	Climate Change
KPI A4.1 Repealed 1 January 2025.	Climate Change
Aspect B1: Employment	
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Employment

Environmental, Social and Governance Report

**Subject Areas,
Aspects, General
Disclosure and KPIs**

	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injuries.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosure and KPIs

Description

Section/Declaration

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Aspect B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Food Safety and Quality Assurance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Food Safety and Quality Assurance
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Food Safety and Quality Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Food Safety and Quality Assurance
KPI B6.4	Description of quality assurance process and recall procedures.	Food Safety and Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protection of intellectual property right and consumer privacy

Environmental, Social and Governance Report

**Subject Areas,
Aspects, General
Disclosure and KPIs**

Description

Section/Declaration

Aspect B7: Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

Aspect B8: Community Investment

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

Directors' Report

The Directors present their report and the audited Consolidated Financial Statements.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in the operation and management of restaurant. The Group is a Cantonese full-service restaurant group operating Cantonese cuisines restaurant under its self-owned brand. Details of the principal activities of the subsidiaries of the Company are set out in Note 39 to the Consolidated Financial Statements.

There were no significant changes in the nature of the Group's principal activities during the Year.

BUSINESS REVIEW

The review of the business of the Group during the Year and the discussion on the Group's future business development are set out in the sections headed "Message from the Board" and "Management Discussion and Analysis", and the description of the principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 6 to the Consolidated Financial Statements.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the five financial years is set out on page 144 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the financial position of the Company and of the Group at that date are set out in the Consolidated Financial Statements on pages 76 to 78 of this annual report. No interim dividend was declared for 2025 (2024: Nil). The Board does not recommend the payment of a final dividend for the Year (2024: Nil).

DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**"). According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia:

- the Group's actual and expected financial performance;
- Shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;

Directors' Report

- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

Pursuant to the Dividend Policy, the declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and the Articles of Association. Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the financial condition and profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 18 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the Company's share capital is set out in Note 30 to the Consolidated Financial Statements.

DONATION

No charitable donations made by the Group during the Year (2024: Nil).

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

RESERVES

Details of movements in the reserves of the Company are set out in Note 30 to the Consolidated Financial Statements and in the consolidated statement of changes in equity respectively.

Directors' Report

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company did not have any reserves available for distribution to owners (as at 31 December 2024: Nil).

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the Year are set out in Note 36 to the Consolidated Financial Statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in Note 36 to the Consolidated Financial Statements, so far as known to the Directors or chief executive of the Company, no Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, all the Directors, managing Directors, alternate Directors, Auditor, Company Secretary and other officers for the time being of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices.

The Company did not arrange any directors' liability insurance as the Board considered that the risk of material legal claims against Directors is minimal.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Neither the Company nor any member of the Group had entered into any contract of significance with the Company's controlling Shareholders or their subsidiaries or any contract of significance for the provision of services to the Company or any member of the Group by the Company's controlling Shareholders or their subsidiaries during the Year.

MANAGEMENT CONTRACTS

As at 31 December 2025, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Directors' Report

DIRECTORS

The Directors during the Year and up to the date hereof are as follows:

Executive Directors

Mr. Chan Yuen Lung Alfred (*Chairman*) (appointed on 20 May 2025)

Mr. Li Tao

Ms. Tang Po Yee Joey (appointed on 1 September 2025)

Mr. Tang Hong Jiang (vacated office as the executive Director and ceased as the chairman on 14 March 2025)

Ms. Liang Li (vacated office as the executive Director on 14 March 2025)

Mr. Huang Ai Chun (vacated office as the executive Director on 14 March 2025)

Non-executive Director

Ms. Shen Taiju (retired on 12 June 2025)

Independent non-executive Directors

Mr. Chow Yik

Mr. Yu Kwan Tseung Alvin (appointed on 1 December 2025)

Mr. Tam Tsz Hin (appointed on 16 January 2026)

Mr. Lo Shing Shan (resigned on 19 October 2025)

Mr. Tsung Ching Fung (resigned on 20 November 2025)

Biographical details of the existing Directors of the Group are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

In accordance with Article 108 of the Articles of Association, Mr. Li Tao and Mr. Chow Yik will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In accordance with Article 112 of the Articles of Association, Ms. Tang Po Yee Joey, Mr. Yu Kwan Tseung Alvin, and Mr. Tam Tsz Hin will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and Senior Management's emoluments are determined by the Board with reference to their respective experience, responsibilities, workload, performance and time devoted to the Company, and reviewed by the Remuneration Committee. Particulars of duties and responsibilities of the Remuneration Committee are set out in "Corporate Governance Report" of this annual report.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Notes 14 and 15 to the Consolidated Financial Statements.

Directors' Report

The emolument of the Senior Management of the Group for the Year falls within the following band:

Emolument Band	Number of Senior Management
Up to HK\$1,000,000	0
HK\$1,000,001 to up to HK\$2,000,000	0
Above HK\$2,000,000	0

The Group did not have any Senior Management as at 31 December 2025.

EMOLUMENT POLICY

The Company's emolument policy (the "**Emolument Policy**") comprises primarily a fixed component (in the form of a base salary) and a variable component (which include discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions. The Company adopted the Share Option Scheme to recognise and reward the contribution of certain Directors and employees of the Group to the growth and development of the Group. Details of the Share Option Scheme are set out on pages 68 to 69 of this annual report.

The Remuneration Committee will meet at least once every year to discuss emolument related matters (including the emoluments of Directors and Senior Management) and review the Emolument Policy of the Group. It has been decided that the Remuneration Committee would determine, with delegated responsibility, the emolument packages of individual executive Directors and Senior Management.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme by the resolutions in writing of all the Shareholders passed on 15 December 2017. The Share Option Scheme enables the Company to grant share options to any Director, employee or other stakeholders to the Company or any of its subsidiaries, as incentives or rewards for their contributions to the Group for the purpose of attracting and retaining the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

Directors' Report

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue. Therefore, it is expected that the Company may grant options in respect of up to 14,400,000 Shares, as adjusted by the share consolidation effective on 28 May 2021, to the participants under the Share Option Scheme.

The 10% limit as mentioned above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) shall abstain from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted (i.e. 15 December 2017). As at 1 January 2025 and 31 December 2025, the total number of share options available for grant under the Share Option Scheme were 14,400,000 and 14,400,000, respectively. No service provider sublimit was set under the Share Option Scheme. The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2025 (i.e. 14,400,000) divided by the weighted average number of shares of the Company in issue for the year ended 31 December 2025 (i.e. 267,769,000) was approximately 5.4%.

As at the date of this report, the number of shares of the Company available for issue under the Share Option Scheme was 14,400,000, representing approximately 5.0% of the issued shares of the Company (i.e. 290,304,000). As at the date of this report, there are 14,400,000 share options available for future grant. The vesting and exercise of the share options will be subject to such conditions as may be determined by the Board.

During the Year, no share options were granted, exercised, cancelled or lapsed.

Directors' Report

EQUITY-LINKED AGREEMENTS

Save as contents relating to "Share Option Scheme" disclosed on pages 68 to 69 of this annual report, there was no equity-linked agreement entered into by the Company during the Year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company" below, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

So far as known to Directors or chief executive of the Company, as at 31 December 2025, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors or chief executive of the Company, as at 31 December 2025, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in shares and underlying shares of the Company as at 31 December 2025

Name	Capacity	Number of Shares held/interested	Approximate percentage of shareholding ^(Note 1)
LEE Cheong Sun	Beneficial owner	48,384,000	16.67%

Note:

1. The approximate percentages of shareholding in this table were calculated based on the number of issued shares of the Company as at 31 December 2025, being 290,304,000 Shares.

Directors' Report

Save as disclosed above, as at 31 December 2025, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interest and short positions in shares, underlying shares and debenture of the Company" above, had or were deemed to have an interest or short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

COMPETITION INTERESTS

So far as known to Directors or chief executive of the Company, none of the Directors, the controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) had any business or interest which competed or might compete with the business of the Group nor had any other conflict of interests with the Group for the Year.

MAJOR CUSTOMERS AND SUPPLIERS

Due to the nature of the Group's business, its customers are mainly walk-in customers from the general public. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group, and the Group did not rely on any single customers. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases. None of the Directors or any of their close associates or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share (excluding treasury shares)) has any beneficial interest in the Group's five largest customers or suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, throughout the Year and prior to the issue of this annual report, the Company maintained a sufficient public float of 25% in the issued share capital of the Company pursuant to Rule 17.37B of the GEM Listing Rules. As at 31 December 2025, the public float of the Company was approximately 83.33%. The composition of ownership of the issued shares in the Company listed on the Stock Exchange, and the Company's share capital structure, as at 31 December 2025 are set out below:

Group of Shareholders	Number of Issued Shares held	Approximate % of Shareholding
(a) Non-public shareholders		
(i) Substantial shareholders and their close associates		
LEE Cheong Sun	48,384,000	16.67%
(b) Public shareholders	241,920,000	83.33%
Total number of issued shares	290,304,000	100.00%

The above statements are made on the basis of information publicly available to the Company or otherwise within the knowledge of the Directors as at the date of this annual report.



Directors' Report

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 23 to 42 of this annual report.

INDEPENDENT AUDITOR

The Company has appointed Prism Hong Kong Limited ("**Prism**") as the auditor of the Company with effect from 11 March 2022. Prism will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting. A resolution to re-appoint Prism and to authorise the Board to fix its remuneration will be proposed at the forthcoming annual general meeting.

By Order of the Board

Chan Yuen Lung Alfred

Chairman

Hong Kong, 31 March 2026

Independent Auditor's Report



Prism

**TO THE SHAREHOLDERS OF SCORCHING DRAGON HOLDINGS LIMITED
(FORMERLY KNOWN AS DRAGON KING GROUP HOLDINGS LIMITED)**

(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Scorching Dragon Holdings Limited (formerly known as Dragon King Group Holdings Limited) (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out on pages 76 to 143, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple fundamental uncertainties relating to going concern

As described in Note 3.1 to the consolidated financial statements, the Group's current liabilities exceeded its current assets by approximately HK\$155,334,000 and the Group had net liabilities of approximately HK\$130,742,000 as at 31 December 2025. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK\$84,178,000, while its cash and cash equivalents amounted to approximately HK\$3,736,000 only.

These conditions, together with other matters described in Note 3.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position as described in Note 3.1 to the consolidated financial statements. The consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, we were unable to ascertain whether the assumptions made by the directors of the Company in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Independent Auditor's Report

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Multiple fundamental uncertainties relating to going concern *(Continued)*

However, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the events or conditions underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable because of (i) the lack of sufficient supporting basis from the management including the consent from lenders to refinance and/or rollover the Group's existing loans; (ii) the lack of sufficient basis that the improvement of future operating results and cash flows would be realised. Hence, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the management of the Group.

In view of the extent of the material uncertainties relating to the results of those measures to be taken by the Group which might cast significant doubt on the Group's ability to continue as a going concern, we have disclaimed our opinion on the consolidated financial statements.

Should the going concern assumption be inappropriate, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY 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 Hong Kong Institute of Certified Public Accountants ("HKICPA") and Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA and to issue an auditor's report, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**") as applicable to auditors of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Dai Tin Yau.

Prism Hong Kong Limited

Certified Public Accountants

Dai Tin Yau

Practising Certificate Number: P06318

Hong Kong

31 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	7	13,075	54,444
Cost of inventories consumed		(4,025)	(15,565)
Gross profit		9,050	38,879
Other income and gains, net	9	567	196
Staff costs		(10,429)	(25,291)
Depreciation of property, plant and equipment	18	(800)	(798)
Depreciation of right-of-use assets	19	(174)	(302)
Impairment losses of property, plant and equipment		(85)	–
Impairment losses of right-of-use assets		(525)	–
(Impairment losses)/reversal of impairment on financial assets	11	(7,385)	431
Gain on liquidation of subsidiaries	33	12,178	–
Rental and related expenses		(5,277)	(7,752)
Other operating expenses		(10,407)	(27,118)
Finance costs	10	(1,345)	(2,136)
Loss before tax		(14,632)	(23,891)
Income tax expense	12	(50)	(3,148)
Loss and total comprehensive expenses for the year attributable to owners of the Company	13	(14,682)	(27,039)
Loss per share		HK cents	HK cents
– Basic and diluted	17	(5.48)	(11.44)

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	24,703	25,501
Right-of-use assets	19	–	–
Deposits	23	–	50
Deferred tax assets	29	71	121
		24,774	25,672
CURRENT ASSETS			
Inventories	21	1,343	2,221
Trade receivables	22	–	220
Prepayments, deposits and other receivables	23	670	15,836
Tax recoverable		6	276
Cash and cash equivalents	24	3,736	6,891
		5,755	25,444
CURRENT LIABILITIES			
Trade payables	25	27,999	36,113
Other payables and accruals	26	39,198	37,770
Bank and other borrowings	27	84,178	93,470
Lease liabilities	19	349	444
Amounts due to directors	36	2,717	3,814
Other financial liabilities	28	6,245	–
Tax payable		403	403
		161,089	172,014
NET CURRENT LIABILITIES		(155,334)	(146,570)
TOTAL ASSETS LESS CURRENT LIABILITIES		(130,560)	(120,898)
NON-CURRENT LIABILITY			
Lease liabilities	19	182	–
NET LIABILITIES		(130,742)	(120,898)

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CAPITAL AND RESERVES			
Share capital	30	29,030	24,192
Reserves		(159,772)	(145,090)
TOTAL DEFICIENCY IN EQUITY		(130,742)	(120,898)

The consolidated financial statements on pages 76 to 143 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

CHAN Yuen Lung Alfred

Director

TANG Po Yee Joey

Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company						Total deficiency in equity
	Share capital	Share premium	Other reserve	Capital reserve	Exchange fluctuation reserve	Accumulated losses	
	HK\$'000 (Note 30)	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	20,736	90,912	(43,224)	42,703	(143)	(213,363)	(102,379)
Loss and total comprehensive expenses for the year	-	-	-	-	-	(27,039)	(27,039)
Placing of new shares (Note 30)	3,456	5,064	-	-	-	-	8,520
At 31 December 2024	24,192	95,976	(43,224)	42,703	(143)	(240,402)	(120,898)
At 1 January 2025	24,192	95,976	(43,224)	42,703	(143)	(240,402)	(120,898)
Loss and total comprehensive expenses for the year	-	-	-	-	-	(14,682)	(14,682)
Placing of new shares (Note 30)	4,838	-	-	-	-	-	4,838
At 31 December 2025	29,030	95,976	(43,224)	42,703	(143)	(255,084)	(130,742)

Notes:

(a) Share premium

Under the Companies Law (as revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

(b) Other reserve

On 15 December 2017, pursuant to the reorganisation to rationalise the structure of the Group in the preparation of the listing of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Company allocated and issued 9,999 shares at HK\$0.01 each to shareholders of Dragon King Holdings Limited ("Dragon King BVI") in consideration for the acquisition of the entire share capital of Dragon King BVI.

The other reserve of the Group represents the difference between the total equity of Dragon King BVI and the aggregated share capital of Dragon King BVI pursuant to the Reorganisation where the transfer of Dragon King BVI to the Company are satisfied by issue of new shares from the Company.

(c) Capital reserve

Capital reserve represents (i) the proceed of shares issued by a subsidiary of the Company upon its share issue and allotment to certain pre-listing investors; and (ii) the transfer from non-controlling interests upon the Group's acquisition of non-controlling interests on 28 February 2017.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Operating activities		
Loss before tax	(14,632)	(23,891)
Adjustment for:		
Financial costs	1,345	2,136
Gain on disposal of property, plant and equipment	–	(120)
Gain on early termination of leases	–	(49)
Gain on lease modification	(60)	–
Gain on liquidation of subsidiaries	(12,178)	–
Depreciation of property, plant and equipment	800	798
Depreciation of right-of-use assets	174	302
Provision for long service payment, net	–	28
Impairment losses of property, plant and equipment	85	–
Impairment losses of right-of-use assets	525	–
Impairment losses/(reversal of impairment losses) on financial assets	7,385	(431)
Operating cash flows before movements in working capital	(16,556)	(21,227)
Decrease in inventories	878	1,439
Decrease in trade receivables	72	548
Decrease in prepayments, deposits and other receivables	7,979	690
Decrease in trade payables	(119)	(209)
Increase in other payables and accruals	4,438	11,640
Cash used in from operations	(3,308)	(7,119)
Interest paid on bank borrowings	(5)	(401)
Income tax paid	–	(125)
NET CASH USED IN OPERATING ACTIVITIES	(3,313)	(7,645)
INVESTING ACTIVITIES		
Addition of property, plant and equipment	(87)	–
Net cash outflow on liquidation of subsidiaries	(211)	–
Proceeds from disposal of property, plant and equipment	–	120
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(298)	120

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
FINANCING ACTIVITIES		
Repayment to a director	(897)	(380)
New other borrowing	–	6,285
Repayment of bank and other borrowings	(3,047)	(823)
Payment of lease liabilities	(438)	(200)
Net proceeds from placing of shares	4,838	8,520
NET CASH GENERATED FROM FINANCING ACTIVITIES	456	13,402
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,155)	5,877
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,891	1,014
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3,736	6,891

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL

Scorching Dragon Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited since 16 January 2018. The registered address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at Suite 3902, 39/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Group is principally engaged in operation and management of restaurants. Details of principal subsidiaries please refer to Note 39.

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

2. APPLICATION OF NEW AND AMENDMENTS AND IMPROVEMENT TO HKFRS ACCOUNTING STANDARDS AND INTERPRETATION

Application of amendments to HKFRS Accounting Standards

In the current year, the Group has applied for the first time the following amended HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of exchangeability
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The application of the amendment to HKFRS Accounting Standards had no material impact on the Group’s financial performance and positions for the current and prior periods have been prepared and presented.

New and amendments and improvement to HKFRS Accounting Standards and interpretation issued but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS AND IMPROVEMENT TO HKFRS ACCOUNTING STANDARDS AND INTERPRETATION *(Continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements (“**HKFRS 18**”), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

Except for the impact of HKFRS 18, the directors of the Company considers that the adoption of the above mentioned new and amendments and improvement are not expected to have a material impact on the Group’s consolidated financial statements in future reporting periods when they become effective.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, at the end of each reporting period.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

The material accounting policies are set out below.

Going concern assessment

During the year ended 31 December 2025, the Group's current liabilities exceeded its current assets by approximately HK\$155,334,000 and the Group had net liabilities by approximately HK\$130,742,000. As at the same date, the Group's total current interest-bearing borrowings amounted to approximately HK\$84,178,000 while its cash and cash equivalents amounted to approximately HK\$3,736,000 only.

The directors of the Company considered the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis after taking into consideration the followings:

- (i) management has been considering other financing arrangements including but not limited to right issues, issue of new shares/convertible bonds, or other equity fund raising activities with a view to increasing the Group's capitalisation/equity;
- (ii) the Group had interest-bearing bank and other borrowings of approximately HK\$84,178,000 as at 31 December 2025, of which approximately HK\$71,184,000 is repayable within one year. The remaining interest-bearing bank borrowings, amounting to approximately HK\$12,994,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreements. The Group will continue to raise with other creditors to assesses the feasibility of extending or deferring repayment obligations, or to consider other alternative repayment managements in order to secure necessary funds to meet the Group's working capital and financial requirements in the foreseeable future. In the opinion of the directors of the Company, the Group will be able to roll over or refinance the bank and other borrowings upon their maturity;
- (iii) the Group is still committed to its business of restaurant operations and will accelerate the pace of new openings for smaller scale of operations across multiple cuisines to diversify its existing restaurant portfolio if the market conditions allow. On the other hand, the Group will continue to explore different business opportunities in relation to the food and beverage services as well as its peripheral business both in Hong Kong and China to expand the revenue source; and
- (iv) management has been implementing stronger measures aiming at improving the liquidity and financial position of the Group, including but not limited to closely monitoring the operating costs and enforcing cost-saving measures.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write-down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary’s financial statements in preparing the consolidated financial statements to ensure conformity with the Group’s accounting policies.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group’s returns.

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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. The amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). 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 ("**HKFRS 9**") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue from contracts with customers

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers (Continued)

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

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

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

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

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.

The Group recognised revenue major from the sales of food products and services.

Revenue from the sales of food products and services is recognised at a point in time when the products and services are delivered to the customer.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases

Definition of a lease

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

The Group as lessee

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

Lease liabilities

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Right-of-use assets

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

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

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies HKAS 36 *Impairment of Asset* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in "Depreciation of right-of-use assets" in the consolidated statement of profit or loss and other comprehensive income.

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in consolidated statement of profit or loss and other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve.

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 consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in consolidated statement of profit or loss and other comprehensive income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to consolidated statement of profit or loss and other comprehensive income on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised within "other income and gains, net" in consolidated statement of profit or loss and other comprehensive income in the period in which they become receivable.

Retirement benefits costs and termination benefits

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the consolidated statement of financial position with a charge or credit to consolidated statement of profit or loss and other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognised in consolidated statement of profit or loss and other comprehensive income when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “loss before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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 are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation (Continued)

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

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

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 current tax liabilities and assets on a net basis.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities and the related assets separately. The Group recognises deferred tax assets 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.

Current and deferred tax are recognised in consolidated statement of profit or loss and other comprehensive income, 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.

Property, plant and equipment

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.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

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

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statement of profit or loss and other comprehensive income.

Financial assets

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

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

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

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

Amortised cost and effective interest method

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

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

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

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

Interest income is recognised in consolidated statement of profit or loss and other comprehensive income and is included in the other income and gains, net line item (Note 9).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in consolidated statement of profit or loss and other comprehensive income to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in consolidated statement of profit or loss and other comprehensive income excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item. Fair value is determined in the manner described in Note 6.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. 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 receivables. The ECL on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. 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 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 debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt 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 borrower to fulfil its contractual cash flow obligations.

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.

(ii) Definition of default

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 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

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(iii) 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:

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

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

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

The Group recognises an impairment gain or loss in consolidated statement of profit or loss and other comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, for which the loss allowance is recognised in other comprehensive income and accumulated in the reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

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

Offsetting financial instrument

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgements in applying accounting policies

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

Going concern and liquidity

As explained in Note 3.1 to the consolidated financial statements, the financial position of the Group indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgement by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The management considers that the Group has ability to continue as a going concern and the major conditions that may cast significant doubt about the going concern assumptions are set out in Note 3.1 to the consolidated financial statements.

Key sources of estimation uncertainty

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

Loss allowance of ECL for trade receivables, deposits and other receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The loss allowance rates are based on days past due as groupings of various debtors that have similar loss patterns. The loss allowance matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The ECL in relation of deposits and other receivables are assessed individually for the debtors with significant balances and collectively for the remaining other receivables by grouping the counterparties with similar nature under general approach. The loss allowance rates are based on internal credit ratings and taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, changes in the forward-looking information are considered.

Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment change to the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2025, provision of loss allowance of ECL for trade receivables, deposits and other receivables amounting approximately of HK\$7,385,000 (2024: reversal of loss allowance of HK\$431,000) respectively was recognised in the consolidated statement of profit or loss and other comprehensive income. The information about the ECL and the Group's trade receivables, deposits and other receivables are disclosed in Notes 6(b), 22 and 23.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of property, plant and equipment and right-of-use assets

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

Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2025, the carrying amounts of property, plant and equipment and right-of-use assets, subject to impairment assessment were approximately HK\$24,788,000 and HK\$525,000 (2024: HK\$25,501,000 and Nil) respectively, after taking into account the impairment losses of approximately HK\$85,000 and HK\$525,000 (2024: Nil and Nil), in respect of property, plant and equipment and right-of-use assets that have been recognised respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in Notes 18, 19 and 20 respectively.

Deferred tax assets

No deferred tax assets have been recognised on the tax losses of approximately HK\$145,269,000 (2024: HK\$174,619,000) due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depend on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially in the current year given the significant uncertainty on the potential disruption of Group’s restaurant operations. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, material reversal or further recognition of deferred tax assets may arise, which would be recognised in consolidated statement of profit or loss and comprehensive income for the period in which such reversal or further recognition takes place. Details of the information about deferred tax assets are disclosed in Note 29.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the trade payables, other payables and accruals, lease liabilities, bank and other borrowings, other financial liabilities and amounts due to directors, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CAPITAL RISK MANAGEMENT *(Continued)*

The net debt at the end of the reporting period was as follows:

	2025 HK\$'000	2024 HK\$'000
Trade payables	27,999	36,113
Other payables and accruals	39,198	37,770
Lease liabilities	531	444
Bank and other borrowings	84,178	93,470
Other financial liabilities	6,245	–
Amounts due to directors	2,717	3,814
Less: Cash and cash equivalents	(3,736)	(6,891)
	157,132	164,720

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
At amortised cost		
– Trade receivables	–	220
– Deposits and other receivables	645	15,836
– Cash and cash equivalents	3,736	6,891
	4,381	22,947
Financial liabilities		
At amortised cost		
– Trade payables	27,999	36,113
– Other payables	32,272	29,595
– Bank and other borrowings	84,178	93,470
– Other financial liabilities	6,245	–
– Amounts due to directors	2,717	3,814
– Lease liabilities	531	444
	153,942	163,436

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

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

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see Note 27 for details). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("**HIBOR**") and Prime rate arising from the Group's Hong Kong dollar denominated borrowings.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("**IBORs**") for Hong Kong with alternative nearly risk-free rates. As listed in Note 27, several of the Group's HIBOR bank loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the transition to new benchmark interest rates.

Interest expense on financial liabilities not measured at FVTPL:

	2025 HK\$'000	2024 HK\$'000
Financial liabilities at amortised cost	1,345	2,132

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2024: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's the post-tax loss for the year ended 31 December 2025 would increase/decrease by approximately HK\$201,000 (2024: increase/decrease by HK\$227,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

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

The credit risk of the Group mainly arises from trade receivables, deposits and other receivables, cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group's trading terms with its customers are mainly cash and credit card settlement. The credit period is generally from few days to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances which are minimal are reviewed regularly by senior management. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For deposits and other receivables, the directors of the Company make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, financial health of the counter parties and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group measures the loss allowance equal to 12-month ECL unless when there has been a significant increase in credit risk since initial recognition, the Group recognised lifetime ECL.

Credit risk on cash and cash equivalents is limited because the counterparties are reputable financial institutions with sound credit rating. The Group assessed 12-month ECL for cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12-month ECL on cash and cash equivalents is considered to be insignificant.

For the year ended 31 December 2025, the Group assessed the loss allowance for ECL for trade receivables, deposits and other receivables and thus approximately HK\$7,385,000 (2024: reversal of loss allowance of HK\$431,000) loss allowance provided during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

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

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

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2025 Gross carrying amount HK\$'000	2024 Gross carrying amount HK\$'000
Financial assets at amortised costs						
Cash and cash equivalents	24	AA+	Performing	12-month ECL	3,736	6,891
Deposits and other receivables	23	N/A	(Note 1)	12-month ECL	22,806	31,569
Trade receivables	22	N/A	(Note 2)	Lifetime ECL (Provision matrix)	148	220

Notes

- (1) For deposits and other receivables, the Group has applied the general approach in HKFRS 9 to measure the loss allowance.
- (2) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on trade receivables by using a provision matrix and considered to be insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation and management of restaurants because it consists of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix.

As at 31 December 2025

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.00%	–	–
31–60 days past due	0.00%	–	–
61–90 days past due	0.00%	–	–
Over 90 days past due	100.00%	148	(148)
		148	(148)

As at 31 December 2024

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.00%	50	–
31–60 days past due	0.00%	–	–
61–90 days past due	0.00%	–	–
Over 90 days past due	0.00%	170	–
		220	–

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

Impairment allowance for trade receivables of approximately HK\$148,000 (2024: Nil) is recognised, based on the provision matrix is provided for the years ended 31 December 2025.

The following tables shows the movement of loss allowances that has been recognised for deposits and other receivables:

	12-month ECL HK\$'000
As at 1 January 2024	16,164
Reversal of impairment losses recognised in consolidated statements of profit or loss and other comprehensive income	(431)
As at 31 December 2024 and 1 January 2025	15,733
Impairment losses recognised in consolidated statements of profit or loss and other comprehensive income	7,237
Written off due to liquidation of subsidiaries	(809)
As at 31 December 2025	22,161

The credit quality of deposits and other receivables are considered to be normal and subject to 12-month ECL assessment when they are not past due and there is no information indicating that the deposits and other receivables had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the deposits and other receivables are considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and funds generated from operations.

The Group is exposed to liquidity risk as the Group had net current liabilities and net liabilities of approximately HK\$155,334,000 and HK\$130,742,000 respectively (2024: HK\$146,570,000 and HK\$120,898,000). The liquidity of the Group primarily depends on the future funding being available and the ability of the Group to meet its financial obligations as they fall due. Details of which are set out in Note 3.1 to the consolidated financial statements.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity tables

	Weighted average interest rate %	On demand or less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amounts HK\$'000
As at 31 December 2025						
Trade payables	-	27,999	-	-	27,999	27,999
Other payables	-	32,272	-	-	32,272	32,272
Amounts due to directors	-	2,717	-	-	2,717	2,717
Bank and other borrowings						
– variable rate	1.60%	55,224	-	-	55,224	48,178
– fixed rate	0.93%	36,308	-	-	36,308	36,000
Other financial liabilities	-	6,245	-	-	6,245	6,245
Leases liabilities	6.46%	370	185	-	555	531
		161,135	185	-	161,320	153,942
As at 31 December 2024						
Trade payables	-	36,113	-	-	36,113	36,113
Other payables	-	29,595	-	-	29,595	29,595
Amounts due to directors	-	3,814	-	-	3,814	3,814
Bank and other borrowings						
– variable rate	2.67%	61,949	-	-	61,949	54,470
– fixed rate	0.97%	39,309	-	-	39,309	39,000
Leases liabilities	6.74%	453	-	-	453	444
		171,233	-	-	171,233	163,436

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Bank and other borrowings with a repayment on demand clause are included in the “on demand or less than 1 year” time band in the above maturity analysis. As at 31 December 2025, the aggregate carrying amounts of these bank borrowings amounted to approximately HK\$84,178,000 (2024: HK\$93,470,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank and other borrowings with a repayment on demand clause based on scheduled repayments

	Less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amounts HK\$'000
31 December 2025	75,023	1,066	3,197	12,246	91,532	84,178
31 December 2024	46,679	38,070	3,197	13,312	101,258	93,470

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. REVENUE

Revenue represents revenue arising on Chinese restaurant operations for the year. An analysis of the Group’s revenue for the year from continuing operations is as follows:

Revenue from contracts with customers within the scope of HKFRS 15

Disaggregated by geographical market
– Hong Kong

2025 HK\$'000	2024 HK\$'000
13,075	54,444

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For the year ended 31 December 2025

7. REVENUE (Continued)

Disaggregation of revenue from contracts with customers by timing of recognition

	2025 HK\$'000	2024 HK\$'000
Timing of revenue recognition		
At a point in time	13,075	54,444

(i) **Performance obligations for contracts with customers**

Operation and management of restaurant

The performance obligation is satisfied when the catering services have been provided to customers. The Group's trading terms with its customers are mainly on cash and credit card settlement. The credit period is generally few days to 60 days.

(ii) **Transaction price allocated to the remaining performance obligation for contracts with customers**

All revenue contracts are for a period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

8. SEGMENT INFORMATION

Information reported to the Board of Directors of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segment under HKFRS 8 *Operating Segments* is operation and management of restaurants.

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from operation and management of restaurants for the years ended 31 December 2025 and 2024.

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8. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong (2024: Hong Kong).

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

	Revenue from external customers		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	13,075	54,444	24,703	25,501

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

There was no revenue from customers individually contributing over 10% to the total revenue of the Group for the years ended 31 December 2025 and 2024.

9. OTHER INCOME AND GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Gain on early termination of leases	–	49
Gain on lease modification	60	–
Gain on disposal of property, plant and equipment	–	120
Referral income	500	–
Others	7	27
	567	196

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For the year ended 31 December 2025

10. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on:		
Long service payment obligation	–	4
Lease liabilities	26	148
Bank borrowings	984	1,490
Other borrowings	335	494
	1,345	2,136

11. IMPAIRMENT LOSSES/(REVERSAL OF IMPAIRMENT) ON FINANCIAL ASSETS

	2025 HK\$'000	2024 HK\$'000
Impairment losses/(reversal of impairment) recognised on:		
– Account receivables	148	–
– Deposits and other receivables	7,237	(431)
	7,385	(431)

Details of impairment assessment are set out in Note 6(b).

12. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Current income tax		
Hong Kong Profits Tax		
– Current year	–	16
– Over provision in prior year	–	(244)
Deferred tax (Note 29)	50	(228)
	50	3,376
	50	3,148

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25% (2024: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (2024: 16.5%). Hong Kong profits tax was calculated at a flat rate of 16.5% (2024: 16.5%) of the estimated assessable profits.

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For the year ended 31 December 2025

12. INCOME TAX EXPENSE (Continued)

The tax charge 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	(14,632)	(23,891)
Tax at domestic income tax rate of 16.5% (2024: 16.5%)	(2,415)	(3,942)
Tax effect of two-tiered profit tax rate regime	–	(17)
Tax effect of income not taxable for tax purposes	(2,142)	(74)
Tax effect to expenses not deductible for tax purposes	3,289	4,870
Over provision in prior year	–	(244)
Tax effect of unused tax losses not recognised	1,318	2,555
Income tax expense for the year	50	3,148

13. LOSS FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
Employee benefit expense (excluding directors' and chief executive's remuneration)		
– salaries, bonuses and allowances	8,489	22,875
– retirement benefit scheme contributions	309	1,024
	8,798	23,899
Auditor's remuneration	800	880
Cost of inventory	4,025	15,565
Expense relating to short-term leases	4,256	4,943

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For the year ended 31 December 2025

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eleven (2024: eight) directors and the chief executive were as follows:

Year ended 31 December 2025

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>				
Mr. Chan Yuen Lung Alfred (appointed as the executive director on 20 May 2025)	–	591	12	603
Ms. Tang Po Yee Joey (appointed as the executive director on 1 September 2025)	–	140	6	146
Mr. Li Tao	–	240	–	240
Mr. Tang Hong Jiang (vacated office as the executive director and ceased as the chairman on 14 March 2025)	–	34	2	36
Mr. Huang Ai Chun (vacated office as the executive director on 14 March 2025)	–	34	2	36
Ms. Liang Li (vacated office as the executive director on 14 March 2025)	–	34	2	36
<i>Non-executive director:</i>				
Ms. Shen Taiju (resigned on 12 June 2025)	–	135	7	142
	–	1,208	31	1,239
<i>Independent non-executive directors:</i>				
Mr. Chow Yik	180	–	–	180
Mr. Yu Kwan Tseung Alvin (appointed as the independent non-executive director on 1 December 2025)	10	–	–	10
Mr. Tsung Ching Fung (resigned on 20 November 2025)	106	–	–	106
Mr. Lo Shing Shan (resigned on 19 October 2025)	96	–	–	96
	392	–	–	392
Total	392	1,208	31	1,631

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For the year ended 31 December 2025

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Year ended 31 December 2024

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>				
Mr. Tang Hong Jiang (vacated office as the executive director and ceased as the chairman on 14 March 2025)	–	240	12	252
Mr. Huang Ai Chun (vacated office as the executive director on 14 March 2025)	–	120	6	126
Ms. Liang Li (vacated office as the executive director on 14 March 2025)	–	120	6	126
Mr. Li Tao (appointed as the executive director on 23 May 2024)	–	146	7	153
<i>Non-executive director:</i>				
Ms. Shen Taiju	–	300	15	315
	–	926	46	972
<i>Independent non-executive directors:</i>				
Mr. Chow Yik	180	–	–	180
Mr. Tsung Ching Fung	120	–	–	120
Mr. Lo Shing Shan	120	–	–	120
	420	–	–	420
Total	420	926	46	1,392

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Certain executive directors of the Company are entitled to bonus payments which are determined based on the performance of previous period by the Board and reviewed by the remuneration committee.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as the directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

15. EMPLOYEES' EMOLUMENTS

The five highest paid employees of the Group during the year included one director (2024: Nil director) of the Company, details of whose emoluments are set out in Note 14 above. The emoluments for the year of the remaining four (2024: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits-in-kind	2,130	2,881
Retirement benefits scheme contributions	58	68
	2,188	2,949

The number of the highest paid employees who are not the directors of the Company whose emoluments fell within the following band is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	4	4
HK\$1,000,001 to HK\$2,000,000	-	1
	4	5

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

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For the year ended 31 December 2025

16. DIVIDENDS

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

17. LOSS PER SHARE

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

	2025	2024
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	(14,682)	(27,039)

	Number of shares	
	2025	2024
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	267,769	236,349

No diluted earnings per share for the years ended 31 December 2025 and 2024 were presented as there were no potential ordinary shares in issue for the years ended 31 December 2025 and 2024.

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For the year ended 31 December 2025

18. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold	Tableware	Furniture,	Motor	Total
	HK\$'000	improvements	and utensils	fixtures	vehicles	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	and office	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	equipment	HK\$'000	HK\$'000
COST						
At 1 January 2024	35,864	159,227	4,427	57,420	2,151	259,089
Disposal	–	(148,125)	(3,383)	(48,483)	(2,151)	(202,142)
At 31 December 2024 and 1 January 2025	35,864	11,102	1,044	8,937	–	56,947
Additions	–	64	–	23	–	87
At 31 December 2025	35,864	11,166	1,044	8,960	–	57,034
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2024	(9,565)	(159,227)	(4,427)	(57,420)	(2,151)	(232,790)
Disposal	–	148,125	3,383	48,483	2,151	202,142
Provided during the year	(798)	–	–	–	–	(798)
At 31 December 2024 and 1 January 2025	(10,363)	(11,102)	(1,044)	(8,937)	–	(31,446)
Provided during the year	(798)	(2)	–	–	–	(800)
Impairment loss recognised	–	(62)	–	(23)	–	(85)
At 31 December 2025	(11,161)	(11,166)	(1,044)	(8,960)	–	(32,331)
CARRYING VALUES						
At 31 December 2025	24,703	–	–	–	–	24,703
At 31 December 2024	25,501	–	–	–	–	25,501

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

During the year, the Group defaulted on a bank loan secured by one of its buildings. As a result, the bank-initiated collection and enforcement procedures over the secured property. As at the reporting date, the legal title of the building remains under the Group's name, and the enforcement process is still ongoing.

Management has assessed the implications of the enforcement action on the recognition and measurement of the building. Given that legal title has not yet been transferred and the Group continues to have control over the property as at year end, the building continues to be recognised as part of the Group's property, plant and equipment.

The Group has considered whether any impairment indicators exist in accordance with HKAS 36. Based on the latest available information regarding the enforcement process and the estimated recoverable amount of the building, management has not recognised any impairment loss for the year.

At as 31 December 2025, the Group's building with carrying amount of approximately HK\$24,703,000 (2024: HK\$25,501,000) was pledged to secure general banking facilities granted to the Group (Note 27).

The above items of property, plant and equipment, after taking into account of the residual values, at the following rates per annum:

Building	2.22%
Leasehold improvements	16.67% or over the lease term
Tableware and utensils	50%
Furniture, fixtures and office equipment	25%
Motor vehicles	33.33%

Details of impairment assessment of property, plant and equipment are set out in Note 20.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	Leased properties
	HK\$'000
At 1 January 2024	–
Additions	805
Depreciation charge	(302)
Early termination	(503)
	<hr/>
At 31 December 2024 and 1 January 2025	–
Additions	699
Depreciation charge	(174)
Impairment loss recognised	(525)
	<hr/>
At 31 December 2025	<hr/> <hr/> –
	<hr/>
	2024
	HK\$'000
Expense relating to short-term leases	4,943
	<hr/>
Total cash outflow for leases	243
	<hr/>

During the year ended 31 December 2024, there was early termination of leases. Right-of-use assets of approximately HK\$503,000 and lease liabilities of approximately HK\$552,000 were derecognised. Gain on early termination of leases of approximately HK\$49,000 were recognised in the consolidated statements of profit or loss and other comprehensive income during the year ended 31 December 2024. As at 31 December 2024, the Group leases various offices and a restaurant for its operation. These lease terms are generally ranged from 2 to 3 years.

During the year ended 31 December 2025, the Group's restaurant was suspended. As at 31 December 2025, the Group leases various offices for its operations. These terms are generally 2 years.

Extension options are included in the leases. Certain periods covered by extension options were included in these lease terms as the Group was reasonably certain to exercise the option. The Group regularly entered into short-term leases for office equipment and advertising billboards. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above. As at 31 December 2025 and 2024, no outstanding lease commitments relating to these short-term lease.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

(i) Right-of-use assets *(Continued)*

Variable lease payments

Leases of restaurants are either with only fixed lease payments or contain variable lease payment that are based on 9% to 10% (2024: 9% to 10%) of gross turnover over the lease term. The payment terms are common in restaurant operation in Hong Kong where the Group operates. The amount of fixed and variable lease payments paid/payable to relevant lessors for the years ended 31 December 2025 and 2024 are as follow:

For the year ended 31 December 2025

	Number of restaurants	Fixed payments HK\$'000	Variable payments HK\$'000	Total Payment HK\$'000
Restaurant without variable lease payments	–	–	–	–
Restaurants with variable lease payments	1	5,011	–	5,011
	1	5,011	–	5,011

For the year ended 31 December 2024

	Number of restaurants	Fixed payments HK\$'000	Variable payments HK\$'000	Total Payment HK\$'000
Restaurant without variable lease payments	1	1,728	–	1,728
Restaurants with variable lease payments	2	6,146	8	6,154
	3	7,874	8	7,882

The overall financial effect of using variable payment terms is that higher rental costs are incurred by restaurants with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of restaurants sales in future years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

(ii) Lease liabilities

	2025 HK\$'000	2024 HK\$'000
Non-current	182	–
Current	349	444
	531	444

Amounts payable under lease liabilities:

	2025 HK\$'000	2024 HK\$'000
Within one year	349	444
Within a period of more than one year but not exceeding two years	182	–
Within a period of more than two years but not exceeding five years	–	–
	531	444
Less: Amount due for settlement with 12 months shown under current liabilities	(349)	(444)
Amount due for settlement after 12 months shown under non-current liabilities	182	–

The weighted average incremental borrowing rates applied to lease liabilities at 6.46% (2024: 6.74%).

During the year ended 31 December 2025, the Group has entered into new lease agreements in respect of renting property and recognised lease liabilities of approximately HK\$699,000 (2024: HK\$805,000).

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For the year ended 31 December 2025

20. IMPAIRMENT ASSESSMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

At 31 December 2025 and 31 December 2024, certain restaurants which continued to underperform, the management of the Group concluded there was indication for impairment and conducted impairment assessment by determining the recoverable amounts of certain property, plant and equipment and right-of-use assets at the end of reporting period.

The Group estimates the recoverable amount of several CGUs of operation and management of restaurants to which the asset belongs when it is not possible to estimate the recoverable amount individually. The recoverable amounts of CGUs have been arrived at based on valuation carried out by the management of the Group.

The recoverable amounts of CGUs has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease term of those operating restaurants with a pre-tax discount rate at 12% as at 31 December 2025 (2024: 11%). The annual growth rate used is based on the industry growth forecasts. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectations for the market development. The growth rates and discount rate have been reassessed as at 31 December 2025 taking into consideration higher degree of estimation uncertainties in financial markets, including potential disruptions of the Group's restaurant operations.

As at 31 December 2025, based on the result of the assessment, management of the Group determined that the recoverable amount of the CGUs is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset is not reduced below the higher of its fair value less cost of disposal, its value in use and zero.

Based on the value in use calculation and the allocation, no impairment losses have been recognised against the carrying amount of property, plant and equipment and right-of-use assets respectively (2024: Nil).

21. INVENTORIES

	2025	2024
	HK\$'000	HK\$'000
Food and beverages, and other operating items for restaurant operations	1,343	2,221

The Group has not recognised provision on inventories for the year ended 31 December 2025 and 2024.

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For the year ended 31 December 2025

22. TRADE RECEIVABLES

Receivables at amortised cost comprises:

Trade receivables
Less: Allowance for impairment of trade receivables

2025 HK\$'000	2024 HK\$'000
148	220
(148)	–
–	220

The Group allows an average credit period of few days to 60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, at the end of the reporting period.

0–30 days
31–60 days
61–90 days
Over 90 days

2025 HK\$'000	2024 HK\$'000
–	50
–	–
–	–
–	170
–	220

At 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately Nil (2024: HK\$170,000) which are past due as at the reporting date. The amounts have been past due 90 days or more are still considered as recoverable based on historical experience and forward-looking estimates. The Group does not hold any collateral over these balances.

The carrying amounts of trade receivables approximate their fair values and denominated in HK\$.

Detail of impairment assessment of trade receivables are set out in Note 6(b).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments	25	50
Deposits and other receivables	645	15,836
	670	15,886
Less: Deposits and other receivables classified as non-current assets	–	(50)
Portion classified as current assets	670	15,836

Included in the Group's deposits and other receivable balance are rental deposits and utility deposits with aggregate carrying amount of approximately HK\$30,000 (2024: HK\$5,133,000).

The carrying amounts of prepayments, deposits and other receivables approximate their fair values and denominated in HK\$.

Detail of impairment assessment of deposits and other receivables are set out in Note 6(b).

24. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates ranged from 0.001% to 0.25% (2024: ranged from 0.01% to 0.875%) per annum.

Details of impairment assessment of cash and cash equivalents are set out in Note 6(b).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include the following:

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents on the consolidated statement of financial position	3,736	6,891
Maximum exposure to credit risk	3,736	6,852

The carrying amounts of cash and cash equivalents approximate their fair values and denominated in HK\$.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2025	2024
	HK\$'000	HK\$'000
0–30 days	–	171
31–60 days	–	20
61–90 days	–	64
Over 90 days	27,999	35,858
	27,999	36,113

The average credit period on purchases of goods is 30 to 120 days (2024: 30 to 120 days).

The carrying amounts of trade payables approximate their fair values and denominated in HK\$.

26. OTHER PAYABLES AND ACCRUALS

	Notes	2025	2024
		HK\$'000	HK\$'000
Accruals		6,174	5,977
Contract liabilities	(a)	252	396
Deferred revenue	(b)	–	254
Other payables	(c)	32,772	31,143
		39,198	37,770
Less: Other payables and accruals classified as non-current liabilities		–	–
Portion classified as current liabilities		39,198	37,770

The carrying amounts of financial liabilities included in other payables and accruals approximate their fair values and denominated in HK\$.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

(a) Details of contract liabilities as at 31 December 2025 and 2024 are as follows:

	2025 HK\$'000	2024 HK\$'000
Deposits received from customers for restaurants operation	252	395
Cash coupons for restaurants operation	–	1
	252	396

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current liabilities based on the Group's earliest obligation to transfer goods or services to the customers.

The following table shows the amounts of the revenue recognised in current year relates to carried-forward contract liabilities and recognised from performance obligations that were satisfied in prior periods.

For the year ended 31 December 2025

	Deposits received from customers for restaurants operation HK\$'000	Cash coupons for restaurants operation HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	395	1

For the year ended 31 December 2024

	Deposits received from customers for restaurants operation HK\$'000	Cash coupons for restaurants operation HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	23	–

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Deposits received from customers for restaurants operation

When the Group receives a deposit before the catering services provided, this will give rise to contract liabilities at the start of a contract. The Group typically receives a deposit ranged from 5% to 10% (2024: 5% to 10%) of the sales amount on acceptance of the engagements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. OTHER PAYABLES AND ACCRUALS (Continued)

Notes: (Continued)

(a) (Continued)

Cash coupons for restaurants operation

The Group receives 100% of the face value of cash coupons and these cash coupons are non-refundable and will expire within one year.

Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2025 and 2024 and the expected timing of recognition are, as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	252	396

(b) Deferred revenue represents the amortisation of subsidy for buying qualifying assets.

(c) Included in the Group's other payables balance is provision of reinstatement cost and rental payable with aggregate carrying amount of approximately HK\$2,549,000 (2024: HK\$1,548,000) and HK\$15,684,000 (2024:HK\$12,251,000), respectively.

27. BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Current		
Bank borrowings – secured	48,178	54,470
Other borrowings – secured	36,000	39,000
Total	84,178	93,470

	2025		2024	
	Effective interest rate per annum	HK\$'000	Effective interest rate per annum	HK\$'000
Fixed rate borrowings	0.1%–15%	36,000	0.1%–15%	39,000
Variables rate borrowings	0.24%–4.74%	48,178	1.17%–7.01%	54,470
		84,178		93,470

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For the year ended 31 December 2025

27. BANK AND OTHER BORROWINGS *(Continued)*

The Group's variable-rate bank borrowings carry interest at 1.85 % to 2.25% below prime rate per annum and 1.8% over HIBOR per annum (2024: 1.85 % to 2.25% below prime rate per annum and 1.8% over HIBOR per annum).

The other borrowings include bond of approximately HK\$34,000,000 (2024: HK\$37,000,000) was repayable on demands, and is guaranteed by the Group and carrying fixed interest rate at 0.1% (2024:0.1%).

The carrying amounts of bank borrowings that contain a repayment on demand clause but repayable:

	2025	2024
	HK\$'000	HK\$'000
Within one year	71,184	42,839
Within a period of more than one year but not exceeding two years	658	37,637
Within a period of more than two years but not exceeding five years	2,106	2,039
Within a period of more than five years	10,230	10,955
	84,178	93,470

Notes:

- (a) At 31 December 2025, of the Group's bank borrowings are secured by:
 - (i) Mortgage over a building owned by the Group, which had carrying value of approximately HK\$24,703,000 (2024: HK\$25,501,000) (Note 18); and
 - (ii) Former-directors, Mr. Wong Wing Chee and Ms. Lee Ching Nung Angel and three independent people.
- (b) All borrowings are denominated in HK\$.
- (c) As at 31 December 2025, the Group has failed to pay certain bank loans with an aggregate carrying amount of approximately HK\$34,547,000 (2024: HK\$32,730,000).

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28. OTHER FINANCIAL LIABILITIES

	Notes	2025 HK\$'000
Guarantee to the liquidated subsidiary – Wealth Club Limited (“ Wealth Club ”)	(a)	2,497
Guarantee to the liquidated subsidiary – King Harbour Limited (“ King Harbour ”)	(b)	3,748
		6,245

Notes:

(a) Guarantee to the liquidated subsidiary – Wealth Club

As at 31 December 2025, bank borrowings drawn from the banking facilities associated with the financial guarantees which is previously provided by the Group in favour of Hang Seng Bank Limited (“**Hang Seng Bank**”) to secure the facilities granted to Wealth Club. As at 12 February 2025, the Group lost control over Wealth Club and it ceased to be subsidiary of the Company (Note 33). Pursuant to the terms of the guarantees, the Group is obligated to compensate the holder for loss suffered when no repayment of the loan happens. As a result, the Group recognised as other financial liabilities of approximately HK\$2,497,000 in consolidated statements of financial position.

(b) Guarantee to the liquidated subsidiary – King Harbour

As at 31 December 2025, bank borrowings drawn from the banking facilities associated with the financial guarantees which is previously provided by the Group in favour of Hang Seng Bank to secure the facilities granted to King Harbour. As at 3 September 2025, the Group lost control over King Harbour and it ceased to be subsidiary of the Company (Note 33). Pursuant to the terms of the guarantees, the Group is obligated to compensate the holder for loss suffered when no repayment of the loan happens. As a result, the Group recognised as other financial liabilities of approximately HK\$3,748,000 in consolidated statements of financial position.

29. DEFERRED TAXATION

The following is the analysis of the deferred tax assets, after setting off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	71	121

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29. DEFERRED TAXATION *(Continued)*

The followings are the major deferred tax assets recognised and movement thereon during the current and prior years:

	Decelerated tax depreciation HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	3,464	33	3,497
Charged to consolidated statement of profit or loss and other comprehensive income (Note 12)	(3,343)	(33)	(3,376)
At 31 December 2024 and 1 January 2025	121	–	121
Charged to consolidated statement of profit or loss and other comprehensive income (Note 12)	(50)	–	(50)
At 31 December 2025	71	–	71

The Group has unrecognised tax losses arising in Hong Kong of approximately HK\$145,269,000 (2024: HK\$174,619,000), that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as, in the opinion of the directors of the Company, they have arisen in subsidiaries that have been loss making for some time and it is not certain that taxable profits will be available against which the tax losses can be utilised.

30. SHARE CAPITAL

	Nominal Value HK\$	Number of shares	Total HK\$'000
Authorised:			
At 1 January 2024 and 31 December 2024 and 1 January 2025 and 31 December 2025	0.1	500,000,000	50,000
Issued and fully paid:			
At 1 January 2024		207,360,000	20,736
Placing of new shares on 22 February 2024 (Note a)		34,560,000	3,456
At 31 December 2024 and 1 January 2025	0.1	241,920,000	24,192
Placing of new shares on 20 June 2025 (Note b)		48,384,000	4,838
At 31 December 2025	0.1	290,304,000	29,030

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. SHARE CAPITAL (Continued)

Notes:

- (a) On 30 January 2024, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 34,560,000 placing shares to independent investors at a price of HK\$0.257 per share. The placing was completed on 22 February 2024 pursuant to which the Company has allotted and issued 34,560,000 placing shares. The net proceeds derived from the placing amounted to HK\$8,520,000 and resulted in the increase in share capital of HK\$3,456,000 and share premium of HK\$5,426,000, net of transaction costs of HK\$362,000.
- (b) On 2 June 2025, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 48,384,000 placing shares to independent investors at a price of HK\$0.10 per share. The placing was completed on 20 June 2025 pursuant to which the Company has allotted and issued 48,384,000 placing shares. The net proceeds derived from the placing amounted to approximately HK\$4,550,000 and resulted in the increase in share capital of HK\$4,838,000, net of transaction costs of approximately HK\$288,000.

31. RETIREMENT BENEFITS PLANS

Defined contribution plans

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs capped at HK\$1,500 (2024: HK\$1,500) per month to the MPF Scheme, which contribution is matched by employees.

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income of approximately HK\$340,000 (2024: HK\$1,070,000) represents contributions payable to these plans by the Group at rates specified in the rules of the schemes. As at 31 December 2025, contributions of approximately HK\$523,000 (2024: HK\$334,000) due in respect of the year ended 31 December 2025 had not been paid over to the schemes. The amounts were paid subsequent to the end of the reporting period.

32. LITIGATIONS

The Group is involved in various claims including claims and actions arising in the course of operations and is subject to various legal actions, pending claims and exposures. Litigation is subject to risks and uncertainties, and the outcome of individual matters is not predictable with assurance. Accruals and other payables for litigation, claims and assessments are recognised if the Group determines that the loss is probable and the amount can be reasonably estimated. The Group believes it has made adequate provisions for such claims. While fully supportable in the Group's view, some of these positions, if challenged may not be fully sustained on review. From time to time, the Group receives liens or claims on accounts payable balances, and the Group continues to work toward resolution of any liens or claims.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. LIQUIDATION OF SUBSIDIARIES

Wealth Club Limited

In November 2024, Wealth Club received a winding-up petition after refusing to settle an outstanding debt of approximately HK\$17,000.

Subsequently, on 12 February 2025, Wealth Club was ordered to be wound up pursuant to an order of the High Court of Hong Kong (the "**High Court**"). On 26 September 2025, Wong Sun Keung and Tsui Mei Yuk Janice, both of Room 1502, 15/F., Tung Hip Commercial Building, 248 Des Voeux Road Central, Central and Western District, Hong Kong, were appointed by a court order as the joint and several liquidators of Wealth Club.

As a result of the liquidation and appointment of liquidators, the Group lost control over Wealth Club and it ceased to be subsidiary of the Company with effect from 12 February 2025. A gain arising on the liquidation of Wealth Club, amounting to approximately HK\$4,261,000 was recognised in consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2025.

King Harbour Limited

On 24 June 2025, a winding-up petition (the "**Petition**") was filed by a creditor against King Harbour Limited, an indirect wholly-owned subsidiary of the Company. The Petition was filed in the High Court under HCCW381/2025. King Harbour previously operated a restaurant in Kwun Tong until its operations ceased in June 2024.

Subsequently, on 3 September 2025, King Harbour was ordered to be wound up pursuant to an order of the High Court, and Arab Osman Mohammed and Wong Kwok Keung, both of 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong, were appointed by the official receiver as the joint and several provisional liquidators of King Harbour.

As a result of the liquidation and appointment of liquidators, the Group lost control over King Harbour and it ceased to be subsidiary of the Company with effect from 3 September 2025. A gain arising on the liquidation of King Harbour, amounting to approximately HK\$7,917,000 was recognised in consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. LIQUIDATION OF SUBSIDIARIES (Continued)

The carrying amounts of the assets and liabilities at its date of liquidation, were as follows:

	Wealth Club	King Harbour	Total
	HK\$'000	HK\$'000	HK\$'000
Tax recoverable	–	270	270
Cash and cash equivalents	160	51	211
Trade payables	(3,367)	(4,628)	(7,995)
Accruals and other payables	(954)	(3,510)	(4,464)
Bank and other borrowings	(2,497)	(3,748)	(6,245)
Amounts due to directors	(100)	(100)	(200)
	<hr/>	<hr/>	<hr/>
	(6,758)	(7,917)	(12,178)
Reallocated to “Other financial liabilities” (Note 28)	2,497	3,748	6,245
	<hr/>	<hr/>	<hr/>
	(4,261)	(7,917)	(12,178)
Gain on liquidation of subsidiaries	4,261	7,917	12,178
	<hr/>	<hr/>	<hr/>
	–	–	–
	<hr/>	<hr/>	<hr/>
Net cash outflow on liquidation of subsidiaries:			
Cash consideration	–	–	–
Less: cash and cash equivalents disposed	(160)	(51)	(211)
	<hr/>	<hr/>	<hr/>
	(160)	(51)	(211)
	<hr/>	<hr/>	<hr/>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest payable HK\$'000	Bank and other borrowings (Note 27) HK\$'000	Leases liabilities (Note 19) HK\$'000	Amounts due to directors (Note 36) HK\$'000	Total HK\$'000
At 1 January 2024	2,364	61,372	4,275	6,166	74,177
<i>Changes from cash flows:</i>					
Repayment	–	(823)	(200)	(380)	(1,403)
Interest paid	(401)	–	–	–	(401)
New other borrowing	–	6,285	–	–	6,285
<i>Non-cash changes:</i>					
New lease	–	–	805	–	805
Termination of leases	–	–	(552)	–	(552)
Interest expense (Note 10)	1,984	–	148	–	2,132
Expenses paid on behalf of the Company	–	–	–	(792)	(792)
Reclassify to prepayments, deposits and other receivables due to hold by independent third party (Note 23)	–	30,715	–	–	30,715
Reclassify to other payables and accruals due to settlement of payable	–	(4,079)	–	(1,180)	(5,259)
Reclassify to other payables and accruals due to expiry of contracts	–	–	(4,032)	–	(4,032)
At 31 December 2024	3,947	93,470	444	3,814	101,675

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Continued)

	Interest payable HK\$'000	Bank and other borrowings (Note 27) HK\$'000	Leases liabilities (Note 19) HK\$'000	Amounts due to directors (Note 36) HK\$'000	Other financial liabilities (Note 28) HK\$'000	Total HK\$'000
At 1 January 2025	3,947	93,470	444	3,814	–	101,675
<i>Changes from cash flows:</i>						
Repayment	–	(3,047)	(438)	(897)	–	(4,382)
Interest paid	(5)	–	–	–	–	(5)
<i>Non-cash changes:</i>						
New leases	–	–	699	–	–	699
Gain on lease modification	–	–	(60)	–	–	(60)
Interest expense (Note 10)	1,319	–	26	–	–	1,345
Liquidation of subsidiaries (Note 33)	–	(6,245)	–	(200)	6,245	(200)
Reclassify to other payables and accruals due to expiry of contracts	–	–	(140)	–	–	(140)
At 31 December 2025	5,261	84,178	531	2,717	6,245	98,932

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025, the Group entered into new lease agreements for the use of leased properties for 2 years (2024: 2 years). On the lease commencement, the Group recognised approximately HK\$699,000 right-of-use assets and approximately HK\$699,000 lease liabilities (2024: approximately HK\$805,000 right-of-use assets and approximately HK\$805,000 lease liabilities).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated statements, the Group has following transactions and balances with related parties.

	2025 HK\$'000	2024 HK\$'000
Amounts due to directors	2,717	3,814

The balances with directors are unsecured, interest-free and repayable on demand.

The carrying amounts of amounts due to directors approximate their fair values and denominated in HK\$.

Compensation of key management personnel

The key management of the Group comprises all the directors of the Company, details of their remuneration are disclosed in Note 14 to the consolidated financial statements. The remuneration of the directors of the Company is determined by the remuneration committee having regard to the performance of individuals and market trends.

37. PLEDGE OF RESTRICTIONS ON ASSETS

Pledge of assets

The Group's banking facilities and borrowings had been secured by the pledged of the Group's asset and the respective assets are as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Property, plant and equipment	18	24,703	25,501

Restriction on assets

Lease liabilities of approximately HK\$531,000 (2024: HK\$444,000) are recognised with related right of-use assets of Nil (2024: Nil) as at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	–	–
Investment in subsidiaries	–	–
	–	–
CURRENT ASSETS		
Amounts due from subsidiaries	2,619	2,535
Amount due from a director	–	185
Other receivables and prepayments	510	–
Cash and cash equivalents	3,433	2
	6,562	2,722
CURRENT LIABILITIES		
Other payables and accruals	7,665	5,128
Amounts due to subsidiaries	17,769	17,768
Bank and other borrowing	2,000	2,000
	27,434	24,896
NET CURRENT LIABILITIES	(20,872)	(22,174)
TOTAL ASSETS LESS CURRENT LIABILITIES	(20,872)	(22,174)
CAPITAL AND RESERVES		
Share capital	29,030	24,192
Reserves	(49,902)	(46,366)
TOTAL DEFICIENCY IN EQUITY	(20,872)	(22,174)

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

Chan Yuen Lung Alfred
Director

Tang Po Yee Joey
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Notes:

The movements in the reserves of the Company during the years are:

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	90,912	(134,526)	(43,614)
Loss for the year	5,064	(7,816)	(2,752)
At 31 December 2023 and 1 January 2024	95,976	(142,342)	(46,366)
Loss for the year	–	(3,536)	(3,536)
At 31 December 2025	95,976	(145,878)	(49,902)

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of principal subsidiaries

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting periods are set out below:

Name of subsidiaries	Place of incorporation/ registration/ operations	Class of shares held	Paid up issued/ registered capital		Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
			2025	2024	Directly		Indirectly		Directly		Indirectly		
					2025	2024	2025	2024	2025	2024	2025	2024	
Able Ascent Limited	Hong Kong	Ordinary	HK\$100	HK\$100	–	–	100%	100%	–	–	100%	100%	Restaurant operation
All Best Harvest Limited	Hong Kong	Ordinary	HK\$200	HK\$200	–	–	100%	100%	–	–	100%	100%	Property holding
Dragon Lake Limited	Hong Kong	Ordinary	HK\$10,990	HK\$10,990	–	–	100%	100%	–	–	100%	100%	Dormant
Dragon King Restaurant Group Limited	Hong Kong	Ordinary	HK\$1,000	HK\$1,000	–	–	100%	100%	–	–	100%	100%	Restaurant operation
Gold Profit Trading Limited	Hong Kong	Ordinary	HK\$1,000	HK\$1,000	–	–	100%	100%	–	–	100%	100%	Trading of food products
King Harbour Limited	Hong Kong	Ordinary	HK\$1,000	HK\$1,000	–	–	–	100%	–	–	–	100%	Restaurant operation
Premier Oriental Limited	Hong Kong	Ordinary	HK\$1,000	HK\$1,000	–	–	100%	100%	–	–	100%	100%	Restaurant operation
Silver Everford Limited	Hong Kong	Ordinary	HK\$100	HK\$100	–	–	100%	100%	–	–	100%	100%	Investment holding
Wealth Club Limited	Hong Kong	Ordinary	HK\$10,990	HK\$10,990	–	–	–	100%	–	–	–	100%	Restaurant operation

None of the subsidiaries had issued any debt securities at the end of the year.

Financial Summary

A summary of the results and of the assets, and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements/information, is set out below.

RESULTS

	For the year ended 31 December					
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
REVENUE	13,075	54,444	104,453	79,469	224,193	196,038
(LOSS)/PROFIT BEFORE TAX	(14,632)	(23,891)	1,479	(5,160)	(50,713)	(74,618)
Income tax expense	(50)	(3,148)	(152)	(135)	(53)	(141)
(LOSS)/PROFIT FOR THE YEAR	(14,682)	(27,039)	1,327	(5,295)	(50,766)	(74,759)
(Loss)/profit attributable to: Owners of the Company	(14,682)	(27,039)	1,327	(5,295)	(50,766)	(74,759)
	(14,682)	(27,039)	1,327	(5,295)	(50,766)	(74,759)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December					
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
TOTAL ASSETS	30,529	51,116	44,785	55,377	65,088	139,524
TOTAL LIABILITIES	(161,271)	(172,014)	(147,164)	(162,529)	(167,236)	(196,527)
	(130,742)	(120,898)	(102,379)	(107,152)	(102,148)	(57,003)
EQUITY						
Equity attributable to owners of the Company	(130,742)	(120,898)	(102,379)	(107,152)	(102,148)	(57,003)
	(130,742)	(120,898)	(102,379)	(107,152)	(102,148)	(57,003)