



KAISUN HOLDINGS LIMITED 凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203

* For identification purpose only



2025 ANNUAL REPORT



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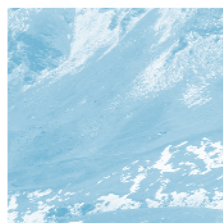
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This report, for which the directors (the "Directors") of Kaisun Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information	3
Financial Summary	4
Management Discussion and Analysis	5
Biography of Directors and Senior Management	16
Directors' Report	21
Corporate Governance Report	35
Independent Auditor's Report	62
Consolidated Statement of Profit or Loss	65
Consolidated Statement of Profit or Loss and Other Comprehensive Income	66
Consolidated Statement of Financial Position	67
Consolidated Statement of Changes in Equity	69
Consolidated Statement of Cash Flows	70
Notes to the Consolidated Financial Statements	72

The English text of this annual report shall prevail over the Chinese text in case of inconsistencies.



Corporate Information

Board of Directors

Executive Directors

Mr. Chan Nap Kee, Joseph (*Chairman*)
(*resigned on 27 July 2025*)
Mr. Yang Yongcheng (*resigned on 31 August 2025*)
Mr. Chen Chun Long (*appointed on 24 July 2025*)
Mr. Ching Ho Tung Philip (*appointed on 24 July 2025*)

Non-Executive Director

Ms. Liu Chenzi (*appointed on 31 August 2025*)

Independent Non-Executive Directors

Mr. Ng Ping Yuen (*appointed on 7 November 2025*)
Mr. Leung Kim Hung, Andy
(*appointed on 7 November 2025*)

Joint Chief Executive Officers

Mr. Chen Chun Long
Mr. Ching Ho Tung Philip

Company Secretary

Mr. Pang Yick Him

Audit Committee

Mr. Ng Ping Yuen (*Committee Chairman*)
(*appointed on 7 November 2025*)
Ms. Liu Chenzi (*appointed on 7 November 2025*)
Mr. Leung Kim Hung, Andy
(*appointed on 7 November 2025*)

Remuneration Committee

Mr. Leung Kim Hung, Andy (*Committee Chairman*)
(*appointed on 7 November 2025*)
Mr. Chan Nap Kee, Joseph (*resigned on 27 July 2025*)
Ms. Liu Chenzi (*appointed on 7 November 2025*)
Mr. Ng Ping Yuen (*appointed on 7 November 2025*)

Nomination and Corporate Governance Committee

Mr. Ng Ping Yuen (*Committee Chairman*)
(*appointed on 7 November 2025*)
Mr. Chan Nap Kee, Joseph (*resigned on 27 July 2025*)
Ms. Liu Chenzi (*appointed on 7 November 2025*)
Mr. Leung Kim Hung, Andy
(*appointed on 7 November 2025*)

Authorised Representatives

Mr. Chan Nap Kee, Joseph (*resigned on 30 July 2025*)
Mr. Pang Yick Him
Mr. Ching Ho Tung Philip (*appointed on 30 July 2025*)

Compliance Advisor

Ample Capital Limited

Auditor

RSM Hong Kong
Registered Public Interest Entity Auditor
29th Floor,
Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong

Registered Office

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Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Room 1304, 13/F., Car Po Commercial Building,
18-20 Lyndhurst Terrace, Central, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
17M Floor,
Hopewell Centre
183 Queen's Road East
Wanchai,
Hong Kong

Principal Bankers

Bank of Communications Co., Limited

Website

www.kaisun.hk

Stock Code

8203

Financial Summary

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out as below:

RESULTS

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	969,931	1,112,283	298,941	266,685	156,576
(Loss)/profit before tax	(75,339)	14,421	(31,731)	(23,410)	(68,586)
Income tax credit/(expense)	23,184	(3,028)	3,750	3,526	(2,697)
Less: Loss/(profit) attributable to non-controlling interests	4,681	(2,515)	(3,909)	4,651	5,105
(Loss)/profit attributable to owners of the Company	(47,474)	8,878	(31,890)	(15,233)	(66,178)

ASSETS AND LIABILITIES

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	512,646	740,995	526,147	531,731	368,389
Total liabilities	(582,283)	(758,944)	(557,325)	(532,572)	(337,630)
Owners' funds	(87,408)	(38,995)	(50,616)	(16,968)	11,789

Management Discussion and Analysis

In 2025, the pace of global economic growth moderated significantly. According to data from the International Monetary Fund (IMF), the global actual GDP growth rate for the year was approximately 3.2%. Against this backdrop, while Mainland China's economy achieved its growth target of approximately 5.0%, it encountered severe challenges, primarily characterized by deep structural adjustments in the real estate sector and structural fluctuations in the recovery of domestic demand. This complex macroeconomic environment exerted considerable pressure across various industries, with particularly profound transformations occurring within the energy sector.

The coal industry in 2025 underwent a fundamental reshaping of its supply-demand dynamics. National raw coal production reached a record high of 4.85 billion tons, resulting in overall ample market supply. However, due to weakened demand from traditional energy-intensive sectors, coal prices experienced significant volatility during the first half of 2025. The Tuha coalfield (Turpan-Hami region), where the Group's core assets are located, was also impacted, with pithead coal prices facing downward pressure in the first half of the year. Although the market showed signs of stabilization after the third quarter, the overall profit margins for the full year were severely compressed, posing a direct challenge to the Group's profitability.



STRATEGIC ADJUSTMENT AND BUSINESS REORGANIZATION

To address external challenges and consolidate its competitive advantages, the Group decisively implemented a strategic pivot of "Focusing on Core Business and Enhancing Operational Efficiency" in 2025. We have completely divested our non-core segments, including the public relations and trust services departments (formerly known as "Kaisun Business Solutions (KBS)"), in order to concentrate all resources on our primary coal mining and related energy business in Xinjiang.

Management Discussion and Analysis

Regarding corporate governance, the Board of Directors underwent a comprehensive renewal in the second half of 2025, promoting a management team from the frontlines with extensive operational experience and redefining the Group's development strategy. Complementing the business streamlining, the Group implemented extremely stringent cost control measures, including workforce streamlining. This series of initiatives aims to optimize resource allocation, allowing the Group to focus its center of gravity on the strategic directions with the greatest potential.

The Group's strategic positioning in 2025 was highly aligned with emerging global trends. As 2025 was recognized as the inaugural year of the Artificial Intelligence (AI) explosion, the rapid growth in computing power demand triggered a surge in electricity consumption, and the role of coal-fired power as the "cornerstone" within the energy structure was redefined during the year. Specifically, the "Hami-Chongqing" ± 800 kV Ultra-High Voltage Direct Current (UHVDC) transmission line, which officially commenced operations in June 2025, established a high-speed corridor for transporting Xinjiang's coal and power resources to other regions, significantly enhancing the strategic premium of the Group's mining assets in the Gaochang area of Xinjiang.

2026 OUTLOOK AND FUTURE STRATEGY

Looking ahead to 2026, as the nation officially embarks on the 15th Five-Year Plan (2026–2030), the Group will enter a critical consolidation phase of its strategic transformation. While the financial performance of 2025 reflected the "growing pains" of this transition, the management remains committed to finalizing the remaining streamlining efforts and further reducing non-essential administrative costs to repair our financial foundation and enhance risk resilience.

The Group maintains a prudent outlook for its development in 2026. Our operational focus will be centered on unlocking the production potential of the Xinjiang coal mine, promoting the operation of the coal logistics platform, and deepening the integration of the energy industrial chain. The Board believes that although the short-term market environment remains rigorous with various uncertainties, by focusing on core operations and continuously improving management efficiency, Kaisun Holdings will strive to achieve breakthroughs amidst these challenges and pursue long-term asset value for its shareholders.

ANALYSIS OF BUSINESS SEGMENTS

As the Group completes its strategic transformation of "Returning to Core Business," current business segments are centered around the coal value chain. The Group is committed to becoming a comprehensive enterprise with full service capabilities in the fields of coal resource extraction and commodity supply chain management.

1. Coal Mining Business (Wholly-owned Subsidiary of Shandong Kailai)

The Group's coal mining operations are undertaken by Xinjiang Turpan Xingliang Mining Co., Ltd. ("Xingliang Mining"), a wholly-owned subsidiary of Shandong Kailai Energy Logistics Co., Ltd. ("Shandong Kailai"). Xingliang Mining is located in Qiquanhu Town, Turpan City, Xinjiang. The mining area is situated within the Tuha Coalfield, one of the four major coalfields in Xinjiang, characterized by superior resource endowment. The primary coal type mined is long-flame coal, which features high volatility and strong reactivity. It is widely used in thermal power generation and chemical raw material preparation, offering broad market prospects.

Management Discussion and Analysis

In terms of resource integration and project compliance, Xingliang Mining signed an integrity agreement with the Gaochang District Government in 2018 and was established as the primary entity for regional resource integration, responsible for integrating surrounding small-scale coal mines, which reflects the local government's recognition of its operational strength. In August 2020, Xingliang Mining successfully obtained its exploration permit, and in the fourth quarter of 2022, it secured a mining permit for a production capacity of 1.2 million tons per year, providing a legal basis for large-scale extraction. Furthermore, addressing historical fire area disaster hazards in the mining district, the company was approved for a fire zone governance and extinguishing project in 2021 and reached a cooperation agreement with a professional construction team. The project officially commenced in November 2023. Following 18 months of systematic governance, the fire extinguishing project has completed key node deliveries on schedule. The fire areas have been effectively remediated, significantly reducing safety risks and establishing a solid operational foundation for the subsequent official production of the mine.



In terms of logistics infrastructure, the Group has introduced local partners in Xinjiang to construct a dedicated railway line and platform within the Xingliang mining area. This infrastructure will enable the delivery of coal to the market in a more efficient and cost-effective manner, effectively converting resource advantages into tangible sales performance and achieving a win-win outcome for all stakeholders.



Management Discussion and Analysis

2. Supply Chain Management Services Business

The Group's supply chain management business is primarily operated by its holding subsidiary, Shandong Kailai. Shandong Kailai is positioned as a comprehensive service provider for the coal supply chain, with core operations covering loading/unloading, warehousing management, coal blending and processing, washing and quality improvement, and logistics transportation. The company holds the right to use a dedicated railway line at Guanqiao Station (Yanzhou Depot of Jinan Railway Bureau), a core asset that builds a competitive barrier for its logistics services. From a regional layout perspective, the Shandong Kailai logistics base is located at the intersection node of the Jinan Railway Bureau and Shanghai Railway Bureau, situated at a strategic hub of the railway transportation network with significant locational advantages. The base covers an area of 110,000 square meters, equipped with comprehensive environmental protection facilities and a warehousing center, with a current stable annual handling capacity of 3 million tons. It is adjacent to several state-owned chemical enterprises, providing a stable source of business, and faces no significant competition within its service radius, maintaining a solid market position.

3. Mining and Metallurgical Machinery Production Business

The Group conducts mining and metallurgical machinery manufacturing through its subsidiary, Tengzhou Kaiyuan Industrial Co., Ltd. ("Tengzhou Kaiyuan"). As a critical layout in the Group's equipment manufacturing sector, Tengzhou Kaiyuan focuses on the research, development, and production of overhead manned cableway devices and spare parts, providing full-cycle services including installation, technical support, and after-sales maintenance. The enterprise emphasizes the construction of industry access qualifications and has accumulated 50 sets of safety mark certificates for mining products, which are recognized within the industry for their safety performance and technical standards. Notably, Tengzhou Kaiyuan successfully passed European standard certification in 2023, signifying that its production processes and product quality possess the capability to compete in international markets, laying the foundation for the Group's expansion into overseas business.

4. Logistics and Platform Services in China-Mongolia-Russia

The Group actively integrates into the "Belt and Road" initiative through acquisitions and layouts of logistics nodes in the China-Mongolia-Russia region. The railway platform located in Choir, Mongolia, is a core asset in the Group's China-Mongolia-Russia transport corridor. Adjacent to the Erenhot port in China and situated on a mandatory route for international logistics between China, Mongolia, and Russia, its locational advantage is evident. The Choir platform covers an area of 35,000 square meters with an annual handling capacity of 1.8 million tons, primarily providing loading/unloading, warehousing management, logistics transfer, and customs clearance services to customers. To ensure specialized operation of the project, the Group has authorized Sainsaikhan Consulting Services LLC as the construction, operation, and strategic contractor for the Choir project to coordinate the upgrade and business expansion of the platform.

Management Discussion and Analysis



FUTURE DEVELOPMENT AND IMPORTANT TRENDS

Since 2025, national and local authorities have intensively issued a series of policies involving energy security, clean utilization, and China-Mongolia-Russia logistics. These macroeconomic trends will have a profound impact on the Group's operations and bring potential development opportunities.

1. **Clean Utilization and Equipment Upgrades:** The "Benchmark and Baseline Levels for Clean and Efficient Coal Utilization (2025 Edition)" issued in December 2025 promotes the transformation of coal into high-value products. This not only benefits the demand for Xingliang Mining's long-flame coal (high-quality thermal coal) but also encourages downstream mines to increase capital expenditure on high-end and efficient mining equipment from Tengzhou Kaiyuan.
2. **Xinjiang Coal Trading Market Construction:** The "Implementation Opinions on Accelerating the Construction of Xinjiang Coal Trading Market" released in December 2025 aims to deepen energy mechanism reforms. With transparent pricing mechanisms and the use of big data and cloud computing to build a national unified market, Xingliang Mining is expected to integrate into the standardized market system rapidly, enhancing its competitiveness and bargaining power in the "Xinjiang Coal Outbound Transportation" market.
3. **Intelligent Mining Policy:** The "Key Research and Development Catalog for Intelligent Mining Robots" issued by the National Mine Safety Administration in September 2025 encourages collaborative technical breakthroughs. Tengzhou Kaiyuan can leverage its technical expertise to explore the development or adaptation of intelligent and unmanned equipment, increasing product value and expanding its market share.
4. **China-Mongolia-Russia Logistics Dividends:** The official opening of the "Erenhot — Mongolia — Russia" land postal route in December 2025 provides a full-process closed-loop service for cross-border logistics. As the Choir railway platform is located at a key node of this artery, it is expected to benefit from the continuous growth in transit cargo volumes, improving asset utilization and operational efficiency.

Management Discussion and Analysis

In summary, the aforementioned policies and market trends constitute the macroeconomic background for the Group's future development. From the "cornerstone" role in energy transition and the power demand driven by AI development to the linkage effects of the upstream and downstream industrial chains, a variety of potential paths are provided for the Group's development following its focus on the energy core business. Management will closely monitor policy implementation and actively seize market opportunities to transform macroeconomic advantages into internal corporate value.

SECURITIES TRADING BUSINESS

The Group's securities trading business in Hong Kong listed securities continues to be overseen by the Investment Committee. In addition to providing regular securities analysis and performance reports, the Investment Committee holds periodic meetings to review and assess portfolio risks.

Reviewing the year 2025, global equity markets delivered a strong performance, driven primarily by resilient corporate earnings in the United States and sustained investor enthusiasm for artificial intelligence (AI)-related industries. In Hong Kong, the Hang Seng Index experienced volatility at the start of the year amid robust US economic data, before suffering a sharp decline in April triggered by market turbulence arising from US tariff policies. The Index subsequently staged a strong recovery. For the full year, the Hang Seng Index gained approximately 27.8%, marking its best annual performance since 2017 and successfully reversing four consecutive years of decline. The rally was supported by a renewed interest in Chinese equities, robust trading volumes, and a global reallocation of capital driven by the US Federal Reserve's interest rate cutting cycle.

As at 31 December 2025, the fair value of listed securities was HK\$13,055,895. The cost of listed investments was HK\$34,547,045.

As at 31 December 2025, part of our existing securities portfolio recorded an unrealised gain of HK\$3,930,994. Dividend received from listed securities was HK\$361,957.

The Investment Committee considers that the Group's equity portfolio has recorded solid returns against the backdrop of a broad-based recovery in the Hong Kong stock market. Nevertheless, the external environment remains challenging and uncertain. Accordingly, the Investment Committee will continue to adopt a prudent and watchful approach, seeking opportunities to accumulate quality blue-chip stocks and dividend-yielding securities at appropriate entry levels, while continuing to reduce exposure to new economy stocks. The Committee will also consider disposing of long-held and profitable positions.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 December 2025 amounted to approximately HK\$969.9 million, representing a decrease of approximately 12.8% when compared with the same period in 2024 (2024: HK\$1,112.3 million). The decrease in revenue was mainly attributable to a drop in revenue generated from the production and sales of coal from approximately HK\$1,001.8 million in 2024 to approximately HK\$931.1 million in 2025 due to a drop in coal price during the year, as well as a significant decrease in the provision of supply chain management services for the mineral business, which fell from approximately HK\$72.0 million in 2024 to approximately HK\$4.0 million in 2025.

The Group's gross profit for the year ended 31 December 2025 decreased by approximately 50.8% to approximately HK\$66.7 million when compared with the same period in 2024 (2024: HK\$135.6 million). The gross profit and gross profit margins for the full year were severely compressed due to a drop in coal price during the year.

Investment and other income remained relatively stable at approximately HK\$3.6 million in 2025 (2024: HK\$3.7 million). However, the Group recorded a net loss in other gains and losses of approximately HK\$36.5 million in 2025 (2024: net loss of HK\$22.7 million). This substantial increase in losses was mainly due to a significant impairment loss on intangible assets amounting to approximately HK\$53.7 million recognised during the year.

Administrative and other operating expenses increased by approximately 15.0% to approximately HK\$92.8 million (2024: HK\$80.7 million). The increase in administrative expenses was due to the compensation paid to local residents affected by the Group's fire extinguishment project as ordered by local government.

Finance costs decreased by approximately 22.9% for the year ended 31 December 2025, amounting to approximately HK\$16.5 million (2024: approximately HK\$21.4 million). The decrease was primarily due to the absence of interests on bonds payable resulted from negotiation with bondholders during the year, which amounted to approximately HK\$4.7 million in 2024.

Combining the effects of the above, the Group recorded a loss for the year of approximately HK\$52.2 million (2024: profit of HK\$11.4 million). The total comprehensive loss attributable to owners of the Company for the year 2025 amounted to approximately HK\$48.4 million (2024: comprehensive income of HK\$11.6 million).

Management Discussion and Analysis

As at 31 December 2025, the Group held financial assets at FVTPL of approximately HK\$13.1 million, wholly comprised of securities listed in Hong Kong. Against the backdrop of a mild recovery in Hong Kong stock market in 2025, the fair value gain on financial assets at FVTPL was approximately HK\$3.9 million for the year ended 2025 (2024: fair value loss HK\$4.3 million). The details of financial assets at FVTPL are set out as follow:

Company Name	Number of shares held as at 31 December 2025	% of shareholding as at 31 December 2025	Unrealized gain/(loss) on fair value	Fair value as at		% of the Group's total assets as at 31 December 2025	Investment cost	Reasons for fair value loss
			change for the year ended 31 December 2025	31 December 2025	31 December 2024			
			HK\$	HK\$	HK\$		HK\$	
Hong Kong Listed Securities								
ASMPT Ltd (522) (Note 1)	11,000	0.00263%	28,050	851,950	823,900	0.17%	1,125,750	—
Baidu, Inc. (9888) (Note 2)	1,100	0.00004%	53,680	144,650	90,970	0.03%	182,700	—
Bilibili Inc. (9626) (Note 3)	660	0.0002%	33,594	127,314	93,720	0.02%	391,610	—
ENN Energy Holdings Limited (2688) (Note 4)	10,000	0.0009%	133,500	692,000	558,500	0.13%	971,495	—
Hong Kong Exchanges and Clearing Limited (0388) (Note 5)	5,000	0.0004%	564,000	2,038,000	1,474,000	0.40%	1,799,000	—
HSBC Holdings plc (0005) (Note 6)	—	—	—	—	2,274,000	—	—	—
JD.com Inc. (9618) (Note 7)	166	0.00001%	(4,050)	18,526	22,576	0.004%	—	Drop in share price
MEITUAN (3690) (Note 8)	350	0.00001%	(16,940)	36,155	53,095	0.01%	—	Drop in share price
MTR Corporation Limited (0066) (Note 9)	50,000	0.00080%	135,000	1,490,000	1,355,000	0.29%	1,517,500	—
Tencent Holdings Limited (0700) (Note 10)	3,500	0.00004%	637,000	2,096,500	1,459,500	0.41%	1,994,750	—
Tracker Fund of Hong Kong (2800) (Note 11)	80,000	0.0015%	444,800	2,065,600	1,620,800	0.40%	1,620,800	—
HK. AI Capital Limited (1140) (Note 12)	17,476,000	0.1499%	1,922,360	3,495,200	1,572,840	0.68%	24,943,440	—
Total			3,930,994	13,055,895	11,398,901	2.54%	34,547,045	

Management Discussion and Analysis

Notes:

1. ASMP Limited (HKEx: 0522) — ASMP Limited engaged in the design, manufacture and marketing of machines, tools and materials used in the semiconductor and electronic assembly industries.
2. Baidu Inc (HKEx: 9888) — Baidu Inc is a leading AI company with a strong Internet foundation.
3. Bilibili Inc (HKEx: 9626) — Bilibili Inc is an iconic brand and a leading video community for young generations in China. The group is a full-spectrum video community that offers a wide array of content serving young generations' diverse interests.
4. ENN Energy Holdings Limited (HKEx: 2688) — The principal businesses of ENN Energy Holdings Limited are gas connection, sales of piped gas, construction and operation of vehicle gas refuelling stations, wholesale of gas, distribution of bottled liquefied petroleum gas ("LPG") and sales of gas appliances and materials.
5. Hong Kong Exchanges and Clearing Limited (HKEx: 0388) — Hong Kong Exchanges and Clearing Limited owns and operates the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, trading of base metals forward and options contracts operating in the UK.
6. HSBC Holdings plc (HKEx: 0005) — HSBC Holdings plc products and services are delivered to clients through four global businesses: Retail Banking and Wealth Management ("RBWM"), Commercial Banking ("CMB"), Global Banking and Markets ("GB&M") and Global Private Banking ("GPB").
7. JD.com Inc (HKEx: 9618) — JD.com Inc is a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider.
8. Meituan (HKEx: 3690) — Meituan provides platform which uses technology to connect consumers and merchants and offer diversified daily services, including food delivery, in-store, hotel and travel booking and other services.
9. MTR Corporation Limited (HKEx: 0066) — MTR Corporation Limited's businesses consist of (i) recurrent businesses (comprising Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, and other businesses (collectively referred to as "recurrent businesses in Hong Kong"), and Mainland China and international railway, property rental and management businesses (referred as "recurrent businesses outside of Hong Kong"), and both excluding fair value measurement of investment properties) and (ii) property development businesses (together with recurrent businesses referred to as "underlying businesses").
10. Tencent Holdings Limited (HKEx: 0700) — Tencent Holdings Limited is principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services.
11. Tracker Fund of Hong Kong (HKEx: 2800) — Tracker Fund of Hong Kong is a unit trust which is governed by its Trust Deed dated 23rd October 1999, as amended, supplemented or restated from time to time. The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance.
12. HK. AI Capital Limited (HKEx: 1140) — The principal investment objective is to achieve earnings for HK. AI Capital Limited in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises.

Management Discussion and Analysis

MATERIAL ASSET IMPAIRMENTS

During the year ended 31 December 2025, the Group recognized impairment losses totaling approximately \$58.22 million, comprising approximately \$53.68 million on intangible assets, approximately \$0.51 million on right-of-use assets, and approximately \$4.03 million on property, plant and equipment. For further information on the impairment losses of property, plant and equipment and right-of-use assets, please refer to note 18 and 19 to the consolidated financial statements set out on pages 119 to 121 of this Annual Report. For further information on the impairment losses of intangible assets, please refer to note 20 to the consolidated financial statements set out on pages 122 to 123 of this Annual Report.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group has bank and cash balances of approximately HK\$46.9 million (2024: HK\$70.8 million).

The net current liabilities of the Group as at 31 December 2025 amounted to approximately HK\$221.1 million. The net current liabilities status of the Group revealed potential going concern issues of the Group, to address the going concern issue, the management of the Group will if necessary, liaise with creditors on the maturity dates and repayment schedule of debts so that the Group can continue as a going concern; and consider fund-raising activities in the future. The Company will issue further announcements as of when appropriate in this regard.

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.09 as at 31 December 2025 (2024: 0.06).

FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB") and United States dollars. As at 31 December 2025, the Group had no other significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

INCOME TAX

Details of the Group's income tax credit/expenses for the year 2025 are set out in note 12 to the consolidated financial statements.

HUMAN RESOURCES

As at 31 December 2025, the Group had 101 (2024: 107) staff in Hong Kong and China.

The Group continues to employ, promote and reward its staff with reference to their performance and experience. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality. During the year 2025, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK\$31.8 million (2024: HK\$30.9 million) for the year 2025.

SEGMENT REPORT

The detailed segmental analysis are provided in note 43 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2025.

LITIGATION

As at 31 December 2025, the Group had no significant pending litigation.

CAPITAL STRUCTURE

As at 31 December 2025, the Company has 583,415,844 shares of HK\$0.1 each in issue (2024: 583,415,844 shares of HK\$0.1 each).

CHARGES ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 31 December 2025.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Saved as disclosed in this annual report, there is no significant investment nor material acquisition and disposal undertaken by the Group during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED SOURCES OF FUNDING

As at the date of this report, the Board does not have any plan for material investments or capital assets.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2025 and up to the date of this report.

Biography of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chen Chun Long (“Mr. Chen”), aged 51, has been the Joint Chief Executive Officer of the Group since 19 June 2019 and was appointed as an Executive Director on 24 July 2025.

Mr. Chen holds an MSc Banking and Finance from University of Stirling. His key experience includes debt restructuring, where he assisted listed companies in Hong Kong that has business in mainland China and Hong Kong, in converting convertible bond and term loans into company equity; and acquisition of coal mine in Xinjiang, and Mongolia Railway Platform.

As at 31 December 2025, Mr. Chen serves as a director of the following subsidiaries of the Company:

1. Kaisun Energy Group Limited
2. Anway Enterprises Limited
3. Goodstar Development Limited
4. Wealth Platinum Limited
5. Kaisun Energy Corporation
6. Kaisun Consulting Limited
7. Kaisun Energy Logistic Limited
8. Kaisun Energy Equipment Limited
9. Kaisun Energy Trading Limited
10. World Dynasty Holdings Limited
11. Double Up Group Limited
12. 山東凱萊能源物流有限公司
13. 滕州凱源實業有限公司
14. 新疆吐魯番星亮礦業有限公司
15. 山東順江能源貿易有限公司
16. Kaisun Energy Managers Limited
17. Kaisun Energy Managers (Cayman Islands) Limited

Biography of Directors and Senior Management

Save as disclosed above, Mr. Chen does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Mr. Ching Ho Tung Philip (“Mr. Ching”), aged 42, has been the Joint Chief Executive Officer of the Group since 19 June 2019 and was appointed as an Executive Director on 24 July 2025.

Mr. Ching holds a bachelor degree in Commerce from University of Toronto. He joined the group in 2009, and has over 10 years experience in investment projects management, equities investments and cross-border merger and acquisition. He led Kaisun Business Solutions which provide consultation to government, listed companies and commercial corporations. During the period, he streamlined the corporate structure and cost in this business to make room for profitability. He also oversees investment in the Belt and Road regions in line with the strategic development of the group.

As at 31 December 2025, Mr. Ching serves as a director of the following subsidiaries of the Company:

1. Kaisun Business Solutions Limited
2. Kaisun Business Solutions (HK) Limited
3. Kaisun Esports Limited
4. Evoloop Limited
5. Girlgamer Limited
6. Double Up Group Limited
7. World Dynasty Holdings Limited
8. Kaisun Energy Management Limited
9. Pineapple Media Limited
10. Kaisun Energy Corporation
11. Kaisun Energy Group Limited
12. Wealth Platinum Limited
13. Anway Enterprises Limited
14. Kaisun Energy Logistic Limited
15. Kaisun Energy Equipment Limited
16. Goodstar Development Limited

Biography of Directors and Senior Management

17. Kaisun Energy Trading Limited

18. People's Communication & Consultant Company Limited

Save as disclosed above, Mr. Ching does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

NON-EXECUTIVE DIRECTORS

Ms. Liu Chenzi ("Ms. Liu"), aged 40, was appointed as a non-executive Director on 31 August 2025. She has been a member of the Audit Committee, Nomination and Corporate Governance Committee and Remuneration Committee since 7 November 2025. She holds a Master's degree in International Communication and Management from Université Grenoble Alpes, France. With over 15 years of experience in public relations consulting, Ms. Liu previously worked at a PR consulting firm under the Kaisun Group, serving clients including mainland and Hong Kong government agencies, non-governmental organizations, and listed companies. Ms. Liu also held positions at PR company under Hong Kong Wen Wei Po, and the China Academy of Culture Limited, a non-governmental organization with special consultative status in the United Nations Economic and Social Council. Ms. Liu has planned and participated in the execution of various large-scale projects.

Throughout her consulting career, Ms. Liu has executed over a thousand projects, including cases such as government investment promotion conference, large-scale exhibitions, international forums, financial public relations, media relations, cultural performances, project roadshows, strategic consulting, etc. Ms. Liu also has a slash career as a show host. Ms. Liu has hosted over hundred events in Hong Kong, including the Overseas Chinese Affairs Office of the State Council's "Cultures of China, Festival of Springs" gala, activities of The Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the HKSAR, and seminars at the Hong Kong Trade Development Council Book Fair.

Save as disclosed above, Ms. Liu does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Biography of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ping Yuen (“Mr. Ng”), aged 57, is chairman of Audit Committee and Nomination and Corporate Governance Committee and member of the Remuneration Committee from 7 November 2025. He has over 30 years of experience in finance and management. Mr. Ng is a fellow member of both the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Ng holds a bachelor’s degree in Accounting and Financial Management from the University of Sheffield in UK, and a master’s degree in Business Administration from the Chinese University of Hong Kong.

Mr. Ng has held key management positions in various financial companies, including President of Youzhong Xinye Financial Information Services (Shanghai) Co., Ltd., Director of Shenzhen Zhong An Credit Investment Co., Ltd., Managing Director and CEO of PrimeCredit (Shenzhen) Limited, a wholly-owned subsidiary of Standard Chartered Bank Group, Managing Director and CFO of PrimeCredit Limited, and Accounting Manager at American International Assurance Co. Ltd.

Save as disclosed above, Mr. Ng does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Mr. Leung Kim Hung, Andy (“Mr. Leung”), aged 65, is the chairman of Remuneration Committee and a member of the Audit Committee and Nomination and Corporate Governance Committee from 7 November 2025. He graduated with a bachelor degree of Laws from the University of London and obtained a postgraduate certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. In 1996, he was awarded the Master degree in Applied Finance from Macquarie University. He is also a holder of a Bachelor degree of Laws from China University of Political Science and Law (中國政法大學), a Master of Science degree in Corporate Governance and Directorship from Hong Kong Baptist University and an International Diploma in Compliance from International Compliance Association.

Mr. Leung is a lawyer with extensive experience in the commercial field and corporate governance. He was admitted as a solicitor in Hong Kong in 1991 and then in England and Wales in 1992. From 1996 to 2017, he worked as in-house legal counsel for various listed groups including Henderson China Holdings Limited, China Dredging Environment Protection Holdings Limited and Tom Group Limited as well as for unlisted corporation including Asia Pacific Regional Head Office of a European based renewable energy group and an e-Commerce company. Mr. Leung was appointed as the CEO of a family office from 2017 to 2019. Ever since, he has worked as a business consultant. He has been appointed as the company secretary and authorized representative of China Dredging Environment Protection Holdings Limited since August 2023.

Mr. Leung was appointed as an independent non-executive Director of Victory City International Holdings Limited (delisted on 31 October 2022) from 1 April 2021 to 31 July 2021. He had been informed on 26 April 2021 that upon the appointment of KPMG as Joint Provisional Liquidator, the directors’ powers in relation to the Company were all ceased and hence it appeared to him that no more active role in protecting all relevant stakeholders of the Company would be available for an independent non-executive Director to play accordingly. He therefore tendered his resignation with effect from 31 July 2021.

Biography of Directors and Senior Management

Save as disclosed above, Mr. Leung does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

SENIOR MANAGEMENT

All the executive directors of the Company are respectively responsible for various aspects of the business and operation of the Group. All executive directors are regarded as members of the senior management team of the Group.

Directors' Report

The board ("Board") of directors ("Directors") of the Company is pleased to submit its report together with the audited consolidated financial statements ("Financial Statements") of the Company and its subsidiaries (collectively as "the Group") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 38 to the Consolidated Financial Statements.

An analysis of the Group's performance for the year ended 31 December 2025 by segments is set out in note 43 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on page 65.

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

BUSINESS REVIEW

A review of the business of the Group for the year 2025 and a discussion on the Group's future business development and the principal risks and uncertainties facing the Group are provided in the Management Discussion and Analysis from pages 5 to 15. In addition, the financial risk management objectives and policies of the Group can be found in note 6 of the Consolidated Financial Statements. An analysis of the Group's performance during the year 2025 using financial key performance indicators is provided in the Financial Summary on page 4.

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

The Group recognizes that our employees, customers and business partners are the keys to our sustainable development. The Group is committed to establishing a close and caring relationship with our employees, providing quality services to our customers and enhancing cooperation with our business partners.

In addition, details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as relationships with its employees, customers and suppliers during this financial year, required to be disclosed pursuant to Rule 17.103 of the GEM Listing Rules. For more information, please refer to the environmental, social and governance report to be issued by the Group. This report will be available for viewing and downloading from the websites of the Group and Hong Kong Stock Exchange after its publication.

RESERVES

Movements in the reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity of the Group.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Particulars of the share capital of the Company are set out in note 34 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2025 amounted to HK\$Nil (2024: HK\$Nil). Under Section 34 of the Companies Law of the Cayman Islands, the reserves are available for distribution to shareholders subject to the provisions of the articles of association of the Company (the "Articles") and no distribution shall be paid to shareholders of the Company ("Shareholders") out of the reserves unless the Company shall be able to pay its debts as they fall due in the ordinary course of business of the Group.

CHARITABLE DONATIONS

The Group did not make any material charitable donations during the year ended 31 December 2025 (2024: Nil).

DIVIDEND POLICY

Our dividend policy is to recommend dividend distribution to shareholders, where circumstances permits, at a payout ratio of 20% of eligible profits for the year, with the remainder of the profits retained as capital for future use.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account the following factors:

- the Group's operations, earnings, financial condition, cash requirements and availability,
- capital expenditure and future development requirements,
- any restrictions under the Companies Law of the Cayman Islands, the Articles and the Shareholders, and
- other factors it may deem relevant at such time.

The Dividend Policy will be reviewed from time to time, however, it is not guaranteed that dividend will be proposed within any period of time.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for each of the last five financial years is set out on page 4.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force throughout the financial year.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides approximate cover for the Directors of the Group.

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

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

PENSION SCHEME

According to the legislation of Hong Kong relating to the Mandatory Provident Fund ("MPF"), with effect from 1 December 2000, the Group is required to participate in the MPF scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contributions are limited to HK\$1,500 for each eligible employee) as calculated under the MPF legislation.

SHARED-BASED COMPENSATION SCHEME

The Company operates Share Award Scheme 2016 for the purpose of assisting in recruiting, retaining and motivating key staff members. Eligible participants of the schemes include the Company's directors (including independent non-executive directors) and other employees of the Group.

Share Award Scheme 2016

The Company adopted the Share Award Scheme 2016 on 14 June 2016 ("Share Award Scheme 2016"). Subject to any early termination as may be determined by the Board by a resolution of the Board, Share Award Scheme 2016 shall be valid and effective for a term of 5 years commencing from the date of the Scheme. The Board shall not make any further award of Awarded Shares which will result in the total number of issued Shares awarded by the Board under Share Award Scheme 2016 exceeding 10% of the total number of issued Shares from time to time.

No shares were purchased by the trustee of the Share Award Scheme 2016 for years ended 31 December 2025 and 2024. During the year ended 31 December 2019, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 12,440,000 shares for total consideration of approximately HK\$2,976,000. During the year ended 31 December 2018, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 1,170,000 shares for total consideration of approximately HK\$395,000. Hence, the total no. of shares in the Share Award Scheme as at 31 December 2025 was 13,610,000, represented approximately 2.33% of the issued capital of the Group.

Directors' Report

Details of grantees in the Share Award Scheme 2016 are set out below:

Grantee	Date of Award	Number of Awarded Shares	Vesting Date	Closing price of shares on the grant date
17 Selected Employees	2 June 2017	11,305,200	On or before 26 June 2017	HK\$0.42
Mr. Chan Nap Kee, Joseph (Executive Director) <i>(resigned on 27 July 2025)</i>	22 March 2018	3,081,000	22 March 2018	HK\$0.325
Mr. Yang Yongcheng (Executive Director) <i>(resigned on 31 August 2025)</i>	22 March 2018	1,000,000	22 March 2018	HK\$0.325

No share was awarded to any director or employee of the Company under the Share Award Scheme during the year.

As at the date of this report, the Share Award Scheme 2016 is expired. It is planned that a new Share Award Scheme using the shares currently held by the trustee of Share Award Scheme 2016 as the pool of shares to be awarded will be adopted. Further announcements will be made by the Company as and when appropriate.

On 14 July 2023, a new share award scheme ("Share Award Scheme 2023") was adopted (the principal terms of which are set out in the Company's circular dated 21 June 2023), the Company is in the process of transferring the shares in the Share Award Scheme 2016 to the Share Award Scheme 2023.

There are no cancelled and lapsed share awards under the Share Award Scheme 2016 and the Share Award Scheme 2023 during the year ended 31 December 2025.

The Company has not granted any share award to any person under both Share Award Scheme 2016 and Share Award 2023 during the year ended 31 December 2025.

The number of Awards Shares available for grant under Scheme mandate of the Share Award Scheme 2023 as at the end of reporting period was 44,046,605 Award Shares (assuming no other Scheme options and awards are granted), representing approximately 7.55% of the Company's total number of issued Shares as at the date of this report.

As there were no share awards granted or any other changes under the Share Award Scheme 2023 during the year ended 31 December 2025, the Remuneration Committee has not reviewed and approved any material matters relating to the Share Award Scheme 2023.

A summary of the Principal terms of the Share Award Scheme 2023 are as follows:

Purpose

The purpose of the Share Award Scheme 2023 is to recognise the contribution or future contribution of eligible participants for their contribution to the Group, and provide the eligible participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the eligible participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Who may join

Eligible participants ("Eligible Participants") under the Share Award Scheme 2023 include (i) employee participants, the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted award under the Share Award Scheme 2023 as inducement to enter into employment contracts with any member of the Group) (the "Employee Participants"); and (ii) related entity participants, directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company ("Related Entity Participants").

Maximum entitlement of each participants

No Awards may be granted to any person such that the total number of Shares issued and to be issued upon Awards and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of Awards in excess of the 1% Individual Limit is subject to Shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of Share Awards to a substantial Shareholder (as defined in the GEM Listing Rules), a director of Chief executive of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Awards already granted and to be granted excluding any Awards lapsed in accordance with the Scheme Rules to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Awards is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Award

Subject to the terms of the Share Award Scheme 2023, the Board shall be entitled at any time within 10 years from the adoption date of the Share Award Scheme 2023 to offer the grant of a Award to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Award Scheme 2023) determine.

Directors' Report

Offer period

An offer of the grant of an Award shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of an Award may be accepted after the expiry of the effective period of the Share Award Scheme 2023 or after the Share Award Scheme 2023 has been terminated. An Award shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the Award duly signed by the grantee on or before the date upon which an offer of an Award must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

Vesting Period

The minimum vesting period in respect of any Awarded Shares is twelve (12) months, and the Board or the Remuneration Committee or the Committee (if authorised by the Board) shall have the authority to determine a shorter vesting period in accordance with the terms and conditions of the Scheme Rules.

Term of the Share Award Scheme

The Share Award Scheme 2023 shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033.

As at 31 December 2025, the Share Award Scheme 2016 was expired. The remaining life of the Share Award Scheme 2023 is 7.53 years.

For details of the Share Award Scheme 2023, please refer to the circular of the Company date 21 June 2023.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 14 July 2023 (the "Share Option Scheme") which was approved by the Shareholders of the Company at the extraordinary general meeting held on 14 July 2023.

No share options ("Share Options") were granted, exercised or lapsed under the Share Option Scheme up to 31 December 2025. The number of Share Options available for grant under scheme mandate of the Share Option Scheme as at the end of the reporting period was 44,046,605 Share Options (assuming no other scheme options and awards are granted) representing approximately 7.55% of the Company's total number of issued Shares as at the date of this report. As at 31 December 2025, the Group did not have any outstanding Share Options granted under the Share Option Scheme.

As there were no share options granted or any other changes under the Share Option Scheme during the year ended 31 December 2025, the Remuneration Committee has not reviewed and approved any material matters relating to the Share Option Scheme.

A Summary of principal terms of the Share Option Scheme 2023 are as follows:

Purpose

The purpose of the Share Option Scheme is to recognise the contribution or future contribution of the directors and full-time or part-time employees or any members of the Group ("Eligible Participants") for their contribution to the Group, and provide the Eligible Participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the Eligible Participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Who may join

Eligible participants ("Eligible Participants") under the Share Option Scheme include (i) employee participants, the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted award under the Share Option Scheme as inducement to enter into employment contracts with any member of the Group) (the "Employee Participants"); and (ii) related entity participants, directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company ("Related Entity Participants").

Maximum entitlement of each participants

No share options may be granted to any person such that the total number of shares issued and to be issued upon exercise of Share Options and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of share options in excess of the 1% Individual Limit is subject to shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of share options to a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted (excluding Share Options lapsed in accordance with the scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Share Options is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the Share Option Scheme to offer the grant of a share option to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may (subject to the terms of the Share Option Scheme) determine.

Directors' Report

Offer Period

An offer of the grant of an Share Option shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of a share option may be accepted after the expiry of the effective period of the Share Option Scheme or after the Share Option Scheme has been terminated. A share option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the share option duly signed by the grantee on or before the date upon which an offer of a share option must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

Vesting Period

The exercise of any share option may be subject to a vesting period to be determined by the Board in its absolute discretion. In any event, the vesting period for a share option under the Share Option Scheme shall not be less than 12 months, except that the share options granted to Eligible Participants may be less than 12 months under the following specific circumstances.

- (a) grants of make-whole share options to Eligible participants who newly joined the Group to replace the share options or awards they forfeited when leaving the previous employer;
- (b) grants of share options with specific and objective performance-based vesting conditions provided in the rules of the Share Option Scheme;
- (c) grants that are made in batches during a year for administrative or compliance reasons (which may include share options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which a share option would have been granted);
- (d) grants of share options with a mixed or accelerated vesting schedule such as where the share option may vest evenly over a period of twelve (12) months; and
- (e) grants of share options with a total vesting and holding period of more than twelve (12) months.

Exercise Price

The exercise price shall be a price determined by the Board and notified to a Eligible participant and shall be at least the higher of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the grant date.

Term of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033. As at 31 December 2025, the remaining life of the Share Option Scheme is 7.53 years.

For details of the Share Option Scheme, please refer to the Company's circular dated 21 June 2023.

DIRECTORS

The Directors during the year 2025 were:

Executive Directors:

Mr. Chan Nap Kee, Joseph (*Chairman*) (*resigned on 27 July 2025*)

Mr. Yang Yongcheng (*Compliance Officer*) (*resigned on 31 August 2025*)

Mr. Chen Chun Long (*appointed on 24 July 2025*)

Mr. Ching Ho Tung Philip (*appointed on 24 July 2025*)

Non-Executive Director:

Ms. Liu Chenzi (*appointed on 31 August 2025*)

Independent Non-Executive Directors:

Mr. Ng Ping Yuen (*appointed on 7 November 2025*)

Mr. Leung Kim Hung, Andy (*appointed on 7 November 2025*)

According to Article 87 of the Articles, one-third of the directors for the time being (or, if the number of directors is not three (3) or a multiple of three (3), the number nearest to but not less than one-third), shall retire at each annual general meeting of the Company ("AGM") by rotation, provided that every director shall be subject to retirement by rotation at least once every three (3) years. The retiring directors shall then be eligible for re-election at the AGM.

Pursuant to Article 86(3) of the Articles, any director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

In accordance with the Articles, Mr. Chen Chun Long, Mr. Ching Ho Tung Philip, Ms. Liu Chenzi, Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy, being all the directors appointed by the Board during the year, will retire from offices at the forthcoming AGM, and being eligible, offer themselves for re-election at the forthcoming AGM.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service agreement with the Company for a term of one year commencing from the appointment date and renewable on expiry date and is subject to termination in accordance with the terms of the service agreement.

The Non-Executive Director has signed an appointment letter with the Company for term of one year and renewable on expiry date which is subject to termination in accordance with its terms.

The Independent Non-Executive Directors have each signed an appointment letter with the Company for a term of one year and renewable on expiry date and are subject to termination in accordance with their respective terms.

The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles and the GEM Listing Rules.

Save as disclosed above, no 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.

Details of the directors' emoluments are set out in note 15 to the Consolidated Financial Statements.

DIRECTORS' REMUNERATION

It is proposed that the Board be authorised to fix the directors' remuneration at the forthcoming AGM. The remuneration, including any bonus payments, housing allowance and share award, to be paid to the directors, will be recommended by the remuneration committee of the Board ("Remuneration Committee") with reference to the directors' duties, responsibilities and performance and the results of the Group. At the time when the current Directors were appointed, the Remuneration Committee did not have sufficient number of members to form a quorum, as a result, the remuneration of all existing Directors were fixed by the executive Directors at the material times, also with reference to the directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTEREST IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS

There were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a director or an entity connected with him had a material interest, whether directly or indirectly, subsisting as at the end of the year or at any time during the year 2025 under review.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES OF THE COMPANY

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company or any of their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares :

Name of Directors	Capacity	Number of shares as at 31 December 2025	Approximate percentage of the total issued Shares as at 31 December 2025
Chen Chun Long <i>(appointed on 24 July 2025)</i>	Beneficial owner	6,147,000 <i>(Note)</i>	1.05%

Save as disclosed above, as at 31 December 2025, none of the directors or chief executive of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

Note:

These were shares held by Mr. Chen Chun Long as at 19 June 2019 when he was appointed as joint Chief Executive Officer of the Company.

Directors' Report

INTEREST OF SUBSTANTIAL SHAREHOLDERS IN SHARES OF THE COMPANY

As at 31 December 2025, so far as is known to the Directors of the Company, the persons who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in shares and underlying shares:

Name of Shareholders	Capacity and nature of interest	Number of shares as at 31 December 2025	Approximate percentage of the total issued shares as at 31 December 2025
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	28.67%
Ms. Yeung Po Yee, Bonita	Interest of spouse (<i>Note 1</i>)	167,263,298	28.67%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.05%
Ms. Wu Mingqin	Interest of spouse (<i>Note 2</i>)	81,950,000	14.05%

Notes:

1. These were total number of Shares that Mr. Chan Nap Kee, Joseph ("Mr. Chan") beneficially owned. As the spouse of Mr. Chan, Ms. Yeung Po Yee, Bonita, was taken to be interested in the Shares in which Mr. Chan was interested by virtue of the SFO.
2. These were total number of Shares that Mr. Zhang Xiongfeng ("Mr. Zhang") beneficially owned. As the spouse of Mr. Zhang, Ms. Wu Mingqin, was taken to be interested in the Shares in which Mr. Zhang was interested by virtue of the SFO.

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 31 December 2025, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year 2025 under review.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of cost of sales and sales for the year 2025 attributable to the Group's major suppliers and customers are as follows:

Cost of sales	
— the largest supplier	41%
— five largest suppliers combined	84%
Sales	
— the largest customer	16%
— five largest customers combined	51%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers mentioned above.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "Share-Based Compensation Scheme" and "Share Option Scheme" in this report, no equity-linked agreements were entered into by the Group during the year ended 31 December 2025 or subsisted at the end of the year.

TAX RELIEF AND EXEMPTION

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with most of the code provisions as set out in the Corporate Governance Practices Code in Appendix C1 to the GEM Listing Rules during the year ended 31 December 2025. Details of compliance and deviation are set out in the Corporate Governance Report on pages 35 to 61.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 December 2025 are set out in Note 44 to the financial statements. To the best knowledge of the Directors, none of these related party transactions constitute connected transactions that need to be disclosed under GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there are no restrictions against such rights under the laws in the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 38 to the Consolidated Financial Statements.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float in accordance with the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2025 and up to the date of this report.

AUDITOR

At the Company's last Annual General Meeting, RSM Hong Kong was re-appointed as auditor of the Company.

RSM Hong Kong retires, and, being eligible, offer themselves for re-appointment. A resolution for re-appointment of RSM Hong Kong will be put at the forthcoming Annual General Meeting.

For and on behalf of the Board

Ching Ho Tung Philip

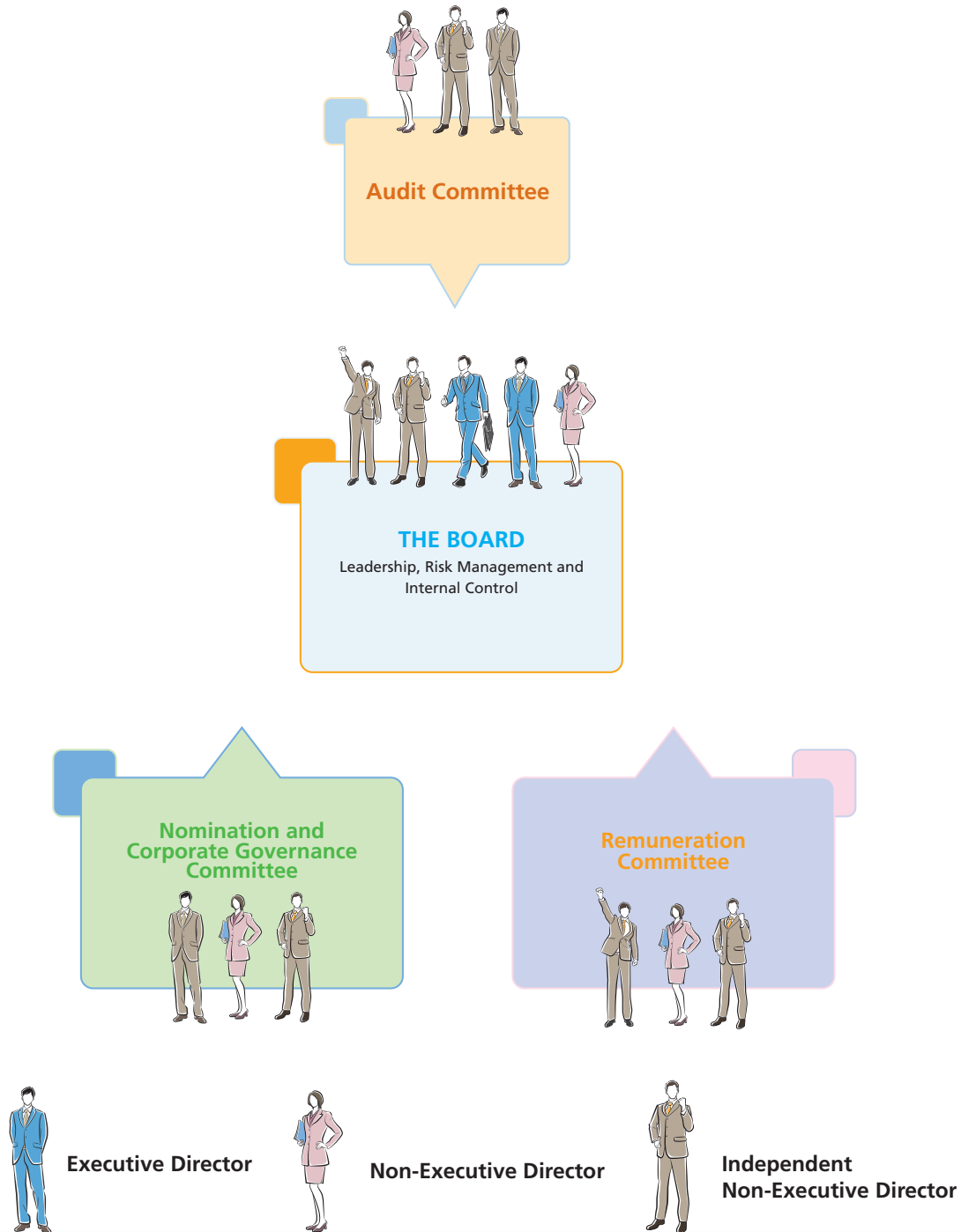
Executive Director

Hong Kong, 31 March 2026

Corporate Governance Report

OUR GOVERNANCE FRAMEWORK

Following the appointment of Mr. Chen Chun Long and Mr. Ching Ho Tung Philip as Executive Directors on 24 July 2025, Ms. Liu Chenzi as Non-Executive Director on 31 August 2025, and Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as Independent Non-Executive Directors on 7 November 2025, Kaisun's resumed to operate with a clear and effective governance structure as follows:



Corporate Governance Report

THE BOARD



Oversees overall governance, financial performance and development of the Group, collectively responsible for long-term success of the Group

Leadership: provides leadership and direction for the business of the Group

Risk Management and Internal Control: ensures only acceptable risks are taken

Audit Committee



- Oversees financial reporting process
- Reviews internal control and risk management system

Nomination and Corporate Governance Committee



- Recommends Board appointment
- Reviews Group's practices on corporate governance

Remuneration Committee



- Sets remuneration policy for executive directors
- Determines executive director's remuneration and incentives

Remuneration Committee Report Page 44

Further information

Kaisun's governance framework serves as a guide for the Board and management in the performance and fulfillment of their respective obligations to Kaisun and its stakeholders. The key components of Kaisun's governance framework, including guidelines, policies and procedures ensures

- (i) the existence of a capable and qualified Board with diverse backgrounds and skills;
- (ii) the establishment of appropriate roles for the Board and various committees; and
- (iii) a collaborative and constructive relationship between the Board and the management.

Nomination and Corporate Governance Committee Pages 45 to Page 49

The following constitutes key components of Kaisun's governance framework. They are posted on the Company's website: www.kaisun.hk

Audit Committee Report Pages 50 to Page 51

- List of Director and their Role and Function
- Terms of References of the various corporate governance related Board Committees
- Articles of Association
- Memorandum of Association.

Risk Management and Internal Control Report Page 55

The Board also regularly assesses and enhances its governance framework, practices and principles in light of regulatory regimes as well as Company needs.

During the year 2025, the Company has been actively restructuring its Board and has appointed Mr. Chen Chun Long and Mr. Ching Ho Tung Philip as Executive Directors on 24 July 2025; Ms. Liu Chenzi as Non-Executive Director on 31 August 2025; and Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as Independent Non-Executive Directors on 7 November 2025.

While these appointments have significantly strengthened the Board's governance functions, the Company currently has two Independent Non-Executive Directors and has yet to fulfill the requirement of having at least three independent non-executive directors under Rule 5.05(1) of the GEM Listing Rules. The Company will continue its best efforts to identify a suitable candidate to fill the remaining vacancy as soon as possible to ensure full compliance with the GEM Listing Rules. For more details regarding the status of compliance, please refer to the section headed "CODE ON CORPORATE GOVERNANCE PRACTICES".

Corporate Governance Report

Appointment of Joint chief executive officers (CEOs)

As part of the Group's long term management succession plan which promote our professional and younger members of the Company that facilitates better business development of the Company, and to implement the aspect of good corporate governance of the Company where the role Chairman and Chief Executive Officer should be separated and should not be performed by the same individual, Mr. Chen Chun Long and Mr. Ching Ho Tung Philip were appointed as joint Chief Executive Officers (CEOs) of the Company with effect from 19 June 2019. To further strengthen the leadership of the Company, Mr. Chen and Mr. Ching were further appointed as executive Directors of the Company with effect from 24 July 2025 while remaining as the joint CEOs. The Company is better prepared for future strategic growth of the Group with above changes.

Following the resignation of Mr. Chan Nap Kee, Joseph on 27 July 2025, the office of the Chairman has been vacated. Currently, the Board continues to lead the Group collectively, while the daily operational matters and management of the Group are led by the two joint CEOs. This structure ensures a balance of power and authority and provides the Group with strong and consistent leadership.

For details on the appointment of Joint CEOs and the Board changes, please refer to the Company's announcements dated 18 June 2019, 24 July 2025 and 27 July 2025.

Role and Function of the Board

Being collectively responsible for long-term success of the Group, the Board provides leadership and direction for the business of the Group and establishes a risk management and internal control system for proper management of the Group. The daily operational matters of the Group are delegated by the Board to Joint Chief Executive Officers and the management.

Independent Non-Executive Directors with a diverse background

The Board is structured to ensure it is of a high caliber and has a balance of skills, experience and diversity of perspectives desirable for effective leadership of the Group.

Corporate Governance Report

Following the appointment of Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as Independent Non-executive Directors on 7 November 2025, the Independent Non-executive Directors are drawn from diverse and complementary backgrounds. They bring valuable experience and insight in the following areas of experience and expertise, driving the corporate strategy and growth of the Group:

Mr. Leung Kim Hung, Andy

MACRO-ENVIRONMENT AFFECTING THE GROUP

Expertise in the economic, political
social environment affecting the Group
and its operation



Mr. Ng Ping Yuen

AUDIT COMMITTEE ACCOUNTING EXPERTISE

Expertise on "Audit Committee Accounting
Expertise" under the Listing Rules



Mr. Ng Ping Yuen

CORPORATE FINANCE EXPERTISE

Corporate finance expertise for
advising capital management
of the Group



Corporate Governance Report

However, the Company currently has two Independent Non-Executive Directors and has yet to fulfill the requirement of having at least three Independent Non-Executive Directors under Rule 5.05(1) of the GEM Listing Rules. The Company will continue to make efforts to identify a suitable candidate to fill the remaining vacancy as soon as possible to ensure full compliance with the GEM Listing Rules. For more details, please refer to the section headed "CODE ON CORPORATE GOVERNANCE PRACTICES".

HOW THE BOARD, JOINT CEOS AND MANAGEMENT WORKS TOGETHER

Through respecting each other's role, the Board and management are supportive of the development and maintenance of a healthy corporate governance culture.

For the day-to-day operation of the business, the Board relies on the management. The Board monitors what the management are doing. In terms of strategy formulation, the Board works closely with the management in thinking through the Group's direction and long-term plans, as well as the various opportunities and risks associated therewith and that are facing the Group generally.

Following the Board restructuring during the year, the two Joint CEOs, Mr. Chen Chun Long and Mr. Ching Ho Tung Philip, were appointed as Executive Directors on 24 July 2025, further integrating the Group's leadership and operational management. Furthermore, with the appointment of Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as Independent Non-Executive Directors on 7 November 2025, the Board has resumed its function of providing independent challenge and review. As members of the various Board committees, the Independent Non-Executive Directors undertake governance work with a particular focus as noted under the respective terms of reference.

However, the Company currently has two Independent Non-Executive Directors and has yet to fulfill the requirement of having at least three independent non-executive directors under Rule 5.05(1) of the GEM Listing Rules. The Company will continue its efforts to recruit a suitable candidate to fill the remaining vacancy to ensure full compliance. For more details, please refer to the section headed "CODE ON CORPORATE GOVERNANCE PRACTICES".

PURPOSE, VALUES AND STRATEGY

The Company has the purpose to strategically expands its business in Mainland China and hopefully along Belt and Road countries. The core value of the Company is to provide the best products and services to its customers and to enhancing shareholder value.

To achieve the above, the Board promotes a dedicated culture in the Group's daily operations, and cultivated a competent and committed team.

THE BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2025 and up to the date of this report, the Board comprised five directors, including two executive directors, namely Mr. Chen Chun Long and Mr. Ching Ho Tung Philip, one non-executive director, namely Ms. Liu Chenzi, and two independent non-executive directors, namely Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy.

One of the independent non-executive directors has appropriate professional qualification, or accounting qualifications and related financial management expertise. Biographical details of the directors are set out on pages 16 to 20 of this annual report.

Each of the non-executive director and independent non-executive directors has entered into an appointment letter with the Company for a term of one year, which may be extended for such period as agreed in writing between the director concerned and the Company.

There is no financial, business, family or other material or relevant relationship among the directors.

Each of Mr. Chen Chun Long, Mr. Ching Ho Tung Philip, Ms. Liu Chenzi, Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy has obtained the legal advice as set out in Rule 5.02D of the GEM Listing Rules on 24 July 2025, 31 August 2025 and 7 November 2025 respectively. Each of them has confirmed their understanding of their obligations as a director of a listed issuer.

Following the Board restructuring during the year 2025, the Company has appointed the aforementioned directors to restore its governance functions. However, the Company currently has two independent non-executive directors and has yet to fulfill the requirement of having at least three independent non-executive directors under Rule 5.05(1) of the GEM Listing Rules. In addition, following the resignations of the former Chairman during the year, the Company is in the process of identifying suitable candidates to fill these positions to ensure full compliance with the GEM Listing Rules. For more details, please refer to the section headed "CODE ON CORPORATE GOVERNANCE PRACTICES".

Independent Non-Executive Directors

Following the appointment of Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as independent non-executive directors on 7 November 2025, the Company has received confirmations of their independence from each of them pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that they meet the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules and considers them to be independent. However, as at the date of this report, the Company currently has two independent non-executive directors and has yet to fulfill the requirement of having at least three independent non-executive directors under Rule 5.05(1) of the GEM Listing Rules. The Company will continue its efforts to identify a suitable candidate to fill the vacancy as soon as possible. For more details, please refer to the section headed "CODE ON CORPORATE GOVERNANCE PRACTICES".

Corporate Governance Report

Chairman and Joint Chief Executive Officers

Following the resignation of Mr. Chan Nap Kee, Joseph as an executive Director and the Chairman of the Board on 27 July 2025, the post of Chairman has since been vacant. The Board will continue to review the current structure of the Board and the senior management from time to time with a view to identifying a suitable candidate to fill the vacancy of Chairman to ensure a balance of power and authority. However, as the post of Chairman has been vacant, the Company has not fully complied with the code provisions C.2.1 to C.2.9 of the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules.

Mr. Chen Chun Long and Mr. Ching Ho Tung Philip, who were appointed as Joint CEOs on 19 June 2019, were further appointed as executive Directors on 24 July 2025. They continue to be responsible for the day-to-day management of the Group's business. As at the date of this report, the roles of Chairman and Chief Executive Officer are separated, with the Chairman's position being vacant and the Chief Executive Officer's duties being performed by the Joint CEOs.

Board Meetings

7 Board meetings were held during the year ended 31 December 2025. The Board meetings involved the active participation of the directors either in person or by telephone or through other electronic means of communication.

Attendance of each of the directors at Board meetings during the year ended 31 December 2025 is set out as follows:

Number of Board Meetings	7	
<i>Executive Directors:</i>		
Mr. Chan Nap Kee, Joseph (<i>Chairman</i>) (<i>resigned on 27 July 2025</i>)*	3/3	100%
Mr. Yang Yongcheng (<i>resigned on 31 August 2025</i>)*	5/5	100%
Mr. Chen Chun Long (<i>appointed on 24 July 2025</i>)*	5/5	100%
Mr. Ching Ho Tung Philip (<i>appointed on 24 July 2025</i>)*	5/5	100%
<i>Non-Executive Director:</i>		
Ms. Liu Chenzi (<i>appointed on 31 August 2025</i>)*	1/1	100%
<i>Independent Non-Executive Directors:</i>		
Mr. Ng Ping Yuen (<i>appointed on 7 November 2025</i>)*	-/-	—
Mr. Leung Kim Hung, Andy (<i>appointed on 7 November 2025</i>)*	-/-	—
Average attendance rate		100%

* Only the meeting during his tenure is counted

Annual General Meeting

The annual general meeting of the Company was held on 30 June 2025 (the “2025 AGM”). Mr. Chan Nap Kee, Joseph and Mr. Yang Yongcheng, who were the interim executive Directors at the material time, did not attend the 2025 AGM to avoid conflict of interests as the Stock Exchange had imposed a Prejudice to Investors’ Interests Statement on each of them. Instead, Mr. Chen Chun Long and Mr. Ching Ho Tung Philip, being the joint chief executive officers of the Company at the material time, attended the 2025 AGM to answer questions from the shareholders.

Company Secretary

All Directors have access to the advice and services from the Company Secretary, Mr. Pang Yick Him confirmed that he has taken no less than 15 hours of the relevant professional training for the year ended 31 December 2025 in compliance with Rule 5.15 of the GEM Listing Rules.

BOARD COMMITTEES

The Board has established the following three committees with written terms of reference (available on the Company’s corporate website www.kaisun.hk under “Investor Relations” section with heading of “Corporate Governance”), which are in line with the Corporate Governance (“CG Code”):

- Remuneration Committee
- Nomination and Corporate Governance Committee
- Audit Committee

Following the appointment of Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as Independent Non-executive Directors on 7 November 2025, and Ms. Liu Chenzi as Non-executive Director on 31 August 2025, the Company has successfully filled the vacancies in the board committees and restored compliance with the GEM Listing Rules regarding committee compositions. All three committees now comprise a majority of Independent Non-executive Directors and are chaired by Independent Non-executive Directors.

The Audit Committee is currently chaired by Mr. Ng Ping Yuen, who possesses the appropriate professional qualifications as required under the GEM Listing Rules, with Mr. Leung Kim Hung, Andy and Ms. Liu Chenzi serving as members. The Remuneration Committee is chaired by Mr. Leung Kim Hung, Andy, with Mr. Ng Ping Yuen and Ms. Liu Chenzi as members. For the Nomination and Corporate Governance Committee, Mr. Ng Ping Yuen serves as the chairman, while Mr. Leung Kim Hung, Andy and Ms. Liu Chenzi act as members. The inclusion of Ms. Liu Chenzi also ensures gender diversity within the committee and the Board, fulfilling the requirements under Rule 17.104 of the GEM Listing Rules.

Corporate Governance Report

REMUNERATION COMMITTEE REPORT

Composition of the Remuneration Committee

Committee Chairman Mr. Leung Kim Hung, Andy* (*appointed on 7 November 2025*)

Members Mr. Chan Nap Kee, Joseph♦ (*resigned on 27 July 2025*)
Ms. Liu Chenzi^ (*appointed on 7 November 2025*)
Mr. Ng Ping Yuen* (*appointed on 7 November 2025*)

* *Independent Non-executive Director*

^ *Non-executive Director*

♦ *Executive Director*

Role and Function of the Remuneration Committee

The primary duties of the Remuneration Committee is to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management.

Remuneration Policy

The formulation of the Group's remuneration strategy and policy is based on the principles of equity and market competitiveness so as to drive staff to work towards the mission of the Group and to retain talents. As a long-term incentive plan and with the aim at motivating directors and employees in the continued pursuit of the Company's goal and objectives, the Company may award Company's shares purchased or shares allotted and issued by the Company to the directors/employees of the Company as award.

Remuneration Committee Meetings

As the Remuneration Committee was only reconstituted on 7 November 2025 following the appointment of new Directors, no meetings were held by the Remuneration Committee during the year ended 31 December 2025. Prior to its reconstitution, the Board as a whole took up the roles and performed the functions of the Remuneration Committee, including reviewing and determining the remuneration packages for the Directors and senior management appointed during the year. Since its reconstitution, the Remuneration Committee has resumed its formal operations. Throughout the year, no Director was involved in deciding their own remuneration.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

Composition of the Nomination and Corporate Governance Committee (“NC”)

Committee Chairman Mr. Ng Ping Yuen* (*appointed on 7 November 2025*)

Members

Mr. Chan Nap Kee, Joseph♦ (*resigned on 27 July 2025*)

Ms. Liu Chenzi^ (*appointed on 7 November 2025*)

Mr. Leung Kim Hung, Andy* (*appointed on 7 November 2025*)

* *Independent Non-executive Director*

^ *Non-executive Director*

♦ *Executive Director*

Role and Function of NC

The primary duties of the NC is to make recommendations to the Board on appointment or reappointment of Directors, and to develop and review Group’s policies and practices on corporate governance and to make recommendations to the Board.

NOMINATION POLICY

The Board adopted a nomination policy that the Nomination Committee will evaluate, select and recommend candidate(s) for directorship(s) to the Board by giving due consideration to the criteria, including but not limited to Board diversity, qualifications, experience, independence, reputation for integrity and potential contributions that the individual(s) can bring to the Board before making recommendation to the Board. 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 a third party agency firm, and may evaluate the suitability of the candidate(s) by interviews, background checks etc.

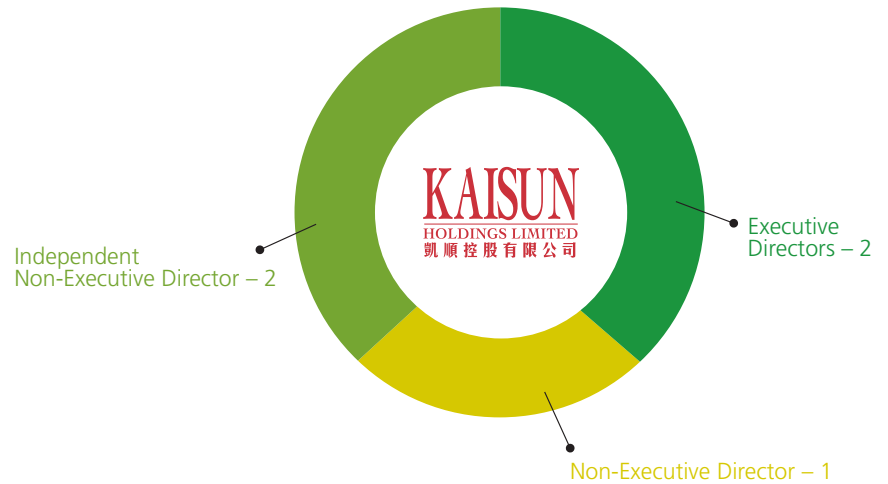
BOARD DIVERSITY

The Company recognises and embraces the benefits of having a diverse Board. A Board Diversity Policy has been adopted by the Board. In reviewing Board composition, NC will consider the benefits of all aspects of diversity including, but not limited to, skills, regional and industry experience, background, race, age, culture and gender, so as to maintain an appropriate range and balance of skills, experience and background on the Board. An analysis of the Board’s current composition is set out in the accompanying charts.

Corporate Governance Report

In identifying suitable candidates, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

DESIGNATION



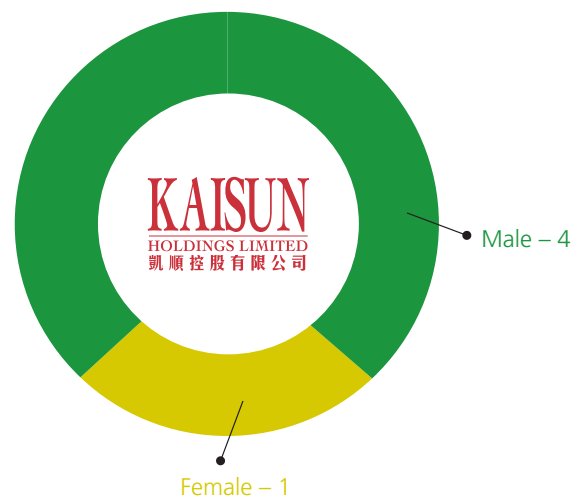
ETHNICITY

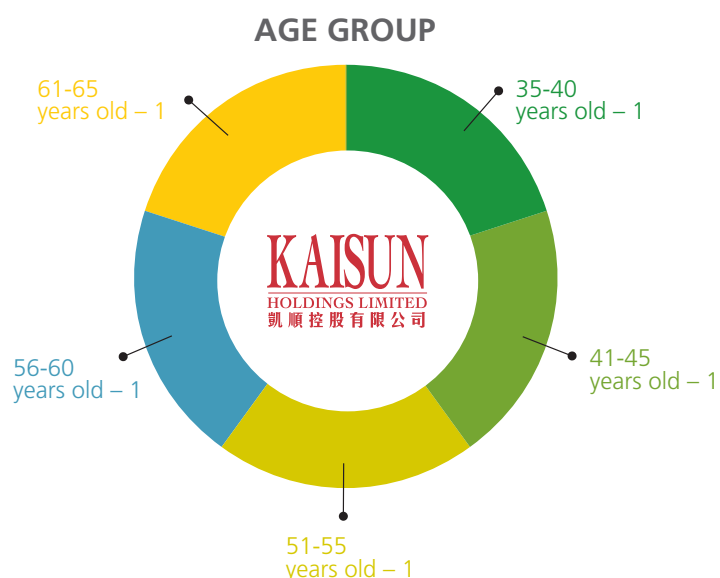


As at the date of this report, the Board comprises five Directors. Following the appointment of Ms. Liu Chenzi as a non-executive Director on 31 August 2025, the Company has successfully achieved gender diversity at the Board level, fulfilling the requirement under Rule 17.104 of the GEM Listing Rules.

As at 31 December 2025, the gender ratio of the Group's workforce was approximately 70% male to 30% female due to coal mining industry traditionally has less female participants. The Company's hiring is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce.

GENDER





With regard to the Directors' skills, regional and industry experience as well as background, please refer to their biographical details set out in the Biography of Directors and Senior Management section on pages 16 to 20.

LENGTH OF SERVICE ON BOARD



The Nomination and Corporate Governance Committee also responsible for overseeing the corporate governance functions, which include, but are not limited to:

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

Corporate Governance Report

As the Nomination and Corporate Governance Committee was only reconstituted on 7 November 2025, no meetings were held by the committee during the year ended 31 December 2025. Prior to its reconstitution, the Board as a whole performed the above-mentioned corporate governance functions. Since its reconstitution, the Nomination and Corporate Governance Committee has resumed its formal operations.

MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively.

The mechanism is disclosed below:

(i) Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board Committees as required under the GEM Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination and Corporate Governance Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

(iii) Board Decision Making

The Directors (including independent non-executive Directors), upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than a written resolution.

A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

(iv) Board Evaluation

The Board assesses and reviews the time contributed by every independent non-executive Director and their attendance to meetings of the Board and the board committees so as to ensure that every independent non-executive Director has devoted sufficient time to the Board to discharge his/her responsibilities as a Director of the Company.

Following the appointment of Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as independent non-executive Directors on 7 November 2025, the Company has filled the vacancies and restored the functional operations of this critical governance function. While the Company is still in the process of identifying an additional independent non-executive Director to fully meet the minimum requirement of three under Rule 5.05(1) of the GEM Listing Rules, the current independent non-executive Directors continue to provide critical review and control to the Board and the board committees.

AUDITORS' REMUNERATION

For the year ended 31 December 2025, the fee paid or payable to external auditors in respect of audit services amounted to HK\$2.9 million. No fee was paid or payable to external auditors in respect of non-audit services during the year.

PREPARATION OF ACCOUNTS

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year 2025 under review. In preparing the accounts for the year ended 31 December 2025, the directors have approved adoption of all the applicable standards and interpretations of International Financial Reporting Standards ("IFRSs").

The interim and annual results of the Company are announced in a timely manner after the end of the relevant periods.

Corporate Governance Report

AUDIT COMMITTEE REPORT

Composition of the Audit Committee (“AC”)

Committee Chairman

Mr. Ng Ping Yuen* (*appointed on 7 November 2025*)

Members

Ms. Liu Chenzi^ (*appointed on 7 November 2025*)

Mr. Leung Kim Hung, Andy* (*appointed on 7 November 2025*)

* *Independent Non-executive Director*

^ *Non-executive Director*

Role and Function of the AC

The primary duties of the AC are to review and supervise the financial reporting process and internal control system (including environmental, social and governance (“ESG”) risks) of the Group and build an important bridge between the Board and the Company’s auditors on those matters within the scope of the Group’s audit. It also reviews the effectiveness of the external and internal audit and conducts risk evaluation.

The AC is provided with sufficient resources to discharge its responsibilities and is supported by the Finance Department of the Company. The AC is accountable to the Board.

Audit Committee Meetings

As the Audit Committee was only reconstituted on 7 November 2025, no meetings were held by the committee during the year ended 31 December 2025. Prior to its reconstitution, the Board as a whole performed the audit committee functions, which included reviewing and supervising the financial reporting process, as well as the review of the annual results, internal controls and risk management systems. The Board was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. Since its reconstitution, the Audit Committee has resumed its formal operations and discharged its duties as set out in the CG Code. The Group’s financial statements for the year ended 31 December 2025 have been reviewed by the newly reconstituted Audit Committee.

Corporate Governance Report

Following the reconstitution of the Audit Committee on 7 November 2025, the Audit Committee has resumed its formal operations. Starting from the ensuing financial year, the Audit Committee will undertake the following duties:

- (i) made recommendations to the Board on the appointment, reappointment or removal of the external auditors (the “Auditors”) and approved the audit fees and terms of engagement of the Auditors, or any questions of resignation or dismissal of the Auditors;
- (ii) reviewed the interim and annual financial statements prior to recommending them to the Board for approval;
- (iii) reviewed the Auditors’ management letter and the management’s response thereto, and to ensure that recommendations made by the Auditors are carried out;
- (iv) reviewed the operation and effectiveness of the Company’s financial control, internal control and risk management systems;
- (v) reviewed the appropriateness of reporting and accounting policies and disclosure practices; and
- (vi) reviewed the work of the Internal Audit Department, ensuring coordination between the Internal Audit Department and the Auditors, and reviewing and monitoring the effectiveness of the internal audit function.

Prior to the appointment of new members and the reconstitution of the AC on 7 November 2025, the Board as a whole performed the functions of overseeing the Group’s internal control and financial reporting. The Board has considered the effectiveness of the Group’s system of internal control over financial, operational and compliance issues, broad-based risk management processes, and physical and information systems security. The Board was satisfied that, in general, the Group has set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance.

The Board was satisfied that the Group had complied with the Code Provisions on internal controls as set forth in the CG Code for the year 2025. Following its reconstitution, the AC has resumed its formal role to conduct the review of the internal control system, making reference to globally recognised frameworks with modifications to include controls specific to the Group’s operation.

The Group’s financial statements for the year ended 31 December 2025 have been reviewed by the newly reconstituted AC, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution passed at the annual general meeting of the Company held on 30 June 2023, the Company adopted the amended and restated the Articles in order to comply with the relevant requirements of the GEM Listing Rules.

Corporate Governance Report

During the year ended 31 December 2025, there was no change in the Company's constitutional documents. An up-to-date version of the Company's Articles is available on the respective websites of the Stock Exchange and the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

Based on principles of transparency and independence, the Board of Directors and management are committed to principles of good corporate governance consistent with enhancement of shareholder value.

The Company has complied with the Code Provisions of the Corporate Governance Code as set out in Appendix C1 of the GEM Listing Rules (the "CG Code") throughout the year ended 31 December 2025 except the following deviations:

According to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chen Chun Long and Mr. Ching Ho Tung Philip acted as the Joint Chief Executive Officers of the Company and are responsible for all day-to-day corporate management matters. Since the appointment of Mr. Chen Chun Long and Mr. Ching Ho Tung Philip as Executive Directors on 24 July 2025 and the resignation of Mr. Chan Nap Kee, Joseph, the former Chairman of the Board on 27 July 2025, the Company does not have a Chairman to discharge the duties as required under CG Code C.2.1 to C.2.9. The daily operation and management of the Company are monitored by the two newly appointed Executive Directors. The Board is of the view that although there is no Chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operation of the Company and the Group. This arrangement can still enable the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Board believes that the absence of a Chairman will not have adverse effect to the Company, as decisions of the Company will be made collectively by the Board. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of Chairman. Appointment will be made to fill the post to comply with the CG Code if necessary.

During 2024, Dr. Wong Yun Kuen ("Dr. Wong") resigned as an independent non-executive director, a member of the audit committee (the "Audit Committee") of the Company and the chairman of remuneration committee (the "Remuneration Committee") of the Company with effect from 27 September 2024 due to his health issue. Mr. Liew Swee Yean ("Mr. Liew") resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Remuneration Committee and nomination and corporate governance committee (the "Nomination and Corporate Governance Committee") of the Company and Mr. Wu Zheng ("Mr. Wu") resigned as an independent non-executive Director, the chairman of the Remuneration Committee, the chairman of the Nomination and Corporate Governance Committee, and a member of the Audit Committee with effect from 20 December 2024, due to their concerns over the operation viability of the Group after the imposition of the Prejudice to Investors' Interests Statement on the only two executive directors of the Company by the Stock Exchange on 10 December 2024. Following their resignations, the Company fell into non-compliance with Rules 5.05(1), 5.05(2), 5.05A, 5.28, 5.34, 5.36A and 17.104 of the GEM Listing Rules.

Throughout 2025, the Company has actively worked to rectify these non-compliances. Mr. Chen Chun Long and Mr. Ching Ho Tung Philip (“Mr. Ching”) were appointed as executive Directors on 24 July 2025. The former Chairman Mr. Chan Nap Kee, Joseph resigned as an executive Director on 27 July 2025. The former executive Director Mr. Yang Yongcheng (“Mr. Yang”) resigned on 31 August 2025. Ms. Liu Chenzi (“Ms. Liu”) was appointed as a non-executive Director on 31 August 2025. On 7 November 2025, the Company appointed Mr. Ng Ping Yuen (“Mr. Ng”) and Mr. Leung Kim Hung, Andy (“Mr. Leung”) as independent non-executive Directors. Following these appointments, Mr. Ng was appointed as the chairman of the audit committee and the nomination and corporate governance committee, and a member of the remuneration committee, Mr. Leung was appointed as the chairman of the remuneration committee, and a member of the audit committee and the nomination and corporate governance committee, and Ms. Liu was appointed as a member of the audit committee, the remuneration committee and the nomination and corporate governance committee. These appointments and resignations collectively restored the Board’s composition and established the necessary committees to address the non-compliances identified in 2024.

As at 31 December 2025, the Board of Directors comprises two executive Directors, namely Mr. Chen Chun Long and Mr. Ching, one non-executive Director, namely Ms. Liu, and two independent non-executive Directors, namely Mr. Ng and Mr. Leung.

Following the appointments on 7 November 2025 and with effect from the same date, the composition of each board committee is as follows:

The Audit Committee now comprises three members. Mr. Ng, an independent non-executive Director with appropriate professional qualifications and accounting-related financial management expertise, serves as the chairman of the Audit Committee. The other members of the Audit Committee are Mr. Leung, an independent non-executive Director, and Ms. Liu, a non-executive Director. All members are non-executive Directors, and the majority are independent non-executive Directors.

The Remuneration Committee now comprises three members. Mr. Leung, an independent non-executive Director, serves as the chairman of the Remuneration Committee. The other members of the Remuneration Committee are Mr. Ng, an independent non-executive Director, and Ms. Liu, a non-executive Director. The majority are independent non-executive Directors.

The Nomination and Corporate Governance Committee now comprises three members. Mr. Ng, an independent non-executive Director, serves as the chairman of the Nomination and Corporate Governance Committee. The other members of the Nomination and Corporate Governance Committee are Mr. Leung, an independent non-executive Director, and Ms. Liu, a non-executive Director. The majority are independent non-executive Directors and the committee includes a member of a different gender, fulfilling the gender diversity requirements.

Corporate Governance Report

With the above composition, the Company's compliance status with the relevant GEM Listing Rules as at 31 December 2025 is analysed as follows:

- (a) As at 31 December 2025, the Board comprises two independent non-executive Directors. This still falls short of the minimum requirement of three independent non-executive Directors under Rule 5.05(1) of the GEM Listing Rules.
- (b) Mr. Ng, an independent non-executive Director, is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He possesses the appropriate professional qualifications and accounting-related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. Accordingly, the Company complies with this requirement.
- (c) As at 31 December 2025, the Board comprises five members, of which two are independent non-executive Directors. This represents two-fifths (40%) of the Board, which meets the requirement of at least one-third under Rule 5.05A of the GEM Listing Rules. Accordingly, the Company complies with this requirement.
- (d) As detailed above, the Audit Committee comprises three non-executive Directors, with a majority being independent non-executive Directors, and is chaired by an independent non-executive Director, Mr. Ng. This fulfills the requirements under Rule 5.28 of the GEM Listing Rules and the terms of reference of the Audit Committee. Accordingly, the Company complies with this requirement.
- (e) As detailed above, the Remuneration Committee comprises three members, with a majority being independent non-executive Directors, and is chaired by an independent non-executive Director, Mr. Leung. This fulfills the requirements under Rule 5.34 of the GEM Listing Rules and the terms of reference of the Remuneration Committee. Accordingly, the Company complies with this requirement.
- (f) As detailed above, the Nomination and Corporate Governance Committee comprises three members, with a majority being independent non-executive Directors, and is chaired by an independent non-executive Director, Mr. Ng. This fulfills the requirements under Rule 5.36A of the GEM Listing Rules and the terms of reference of the Nomination and Corporate Governance Committee. Accordingly, the Company complies with this requirement.
- (g) With the appointment of Ms. Liu as a non-executive Director on 31 August 2025, the Board is no longer single-gender. As at 31 December 2025, the Board comprises members of different genders, fulfilling the board diversity requirement under Rule 17.104 of the GEM Listing Rules. Accordingly, the Company complies with this requirement.

The Board is fully committed to complying with Rule 5.05(1) of the GEM Listing Rules and recognises the importance of maintaining a sufficient number of independent non-executive Directors to ensure robust corporate governance. The Company is actively seeking suitable candidates to fill the vacancy for an additional independent non-executive Director. Currently, the Board is liaising with two potential candidates, and both of them intends to make a decision on whether to join the Board in May 2026, after reading the Company's annual report. Therefore, the Company expects to complete the appointment by 31 May 2026 and will make further announcement(s) in this regard as and when appropriate.

Save as disclosed above in respect of the deviations from the CG Code and the non-compliance with Rule 5.05(1) of the GEM Listing Rules, the Board considers that the Company has met all other relevant requirements under the GEM Listing Rules and the code provisions set out in the CG Code throughout the year ended 31 December 2025.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year 2025. The Company has also made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

RISK MANAGEMENT AND INTERNAL CONTROL REPORT

The Board has overall responsibility for the risk management and internal control systems (including ESG risks) of the Company and for reviewing their effectiveness. The risk management and internal control systems (including ESG risks) of the Company are 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 Company has an Internal Audit Function, and Risk Management and Internal Control System (including ESG risks) are reviewed throughout the year 2025. Prior to the appointment of Ms. Liu Chenzi as a non-executive Director on 31 August 2025, and the appointment of Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as independent non-executive Directors on 7 November 2025, the Board as a whole performed the functions of the Audit Committee. During this period, findings regarding internal audit, risk management and internal controls were reported to the Board for review and oversight.

Following the reconstitution of the Audit Committee (comprising Mr. Ng Ping Yuen as chairman, Mr. Leung Kim Hung, Andy and Ms. Liu Chenzi as members) on 7 November 2025, the formal responsibility to oversight and review of these systems were transitioned back to the Audit Committee.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

The Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems (including ESG risks) for the year ended 31 December 2025, covering material financial, operational and compliance controls, and considered that these systems are effective and adequate.

Prior to the reconstitution of the Audit Committee on 7 November 2025, the Board as a whole performed the annual review of the adequacy of resources, qualifications and experience of the Group's accounting, internal audit and financial reporting staff. Given that most of the staff possess professional qualifications with relevant experience, the Board considered that the staffing remains adequate to discharge their responsibilities. Following the appointment of Ms. Liu Chenzi, Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy, the Audit Committee has been reconstituted and has resumed its formal oversight role. The governance gap identified in the previous year has been rectified, and the oversight functions have transitioned back from the Board to the Audit Committee to ensure continued compliance in the ensuing financial years.

Corporate Governance Report

WHISTLE-BLOWING POLICY

The Company has put in place whistleblowing policy which applies to all the directors and employees of the Group and any parties who deal with the Group. The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas.

Whistle-blowers are able to contact the Board directly through the contact method provided on the Company's website. The identity of the whistle-blower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

Following the appointment of Ms. Liu Chenzi as a non-executive Director on 31 August 2025, and the appointment of Mr. Ng Ping Yuen and Mr. Leung Kim Hung, Andy as independent non-executive Directors on 7 November 2025, the Audit Committee has been reconstituted. The Audit Committee (comprising Mr. Ng Ping Yuen as chairman, Mr. Leung Kim Hung, Andy and Ms. Liu Chenzi as members) has resumed its responsibility for the oversight and monitoring of the whistle-blowing policy and mechanism. The temporary arrangement during the vacancy period, where whistle-blowing matters were reported directly to the executive Directors, has been terminated and the formal governance structure has been restored.

The Company is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

ANTI-CORRUPTION POLICY

The Group does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. As such, it has formulated an anti-corruption policy (the "Anti-Corruption Policy") which prohibits all forms of corruption practice by making reference to the relevant laws and regulations. The Anti-Corruption Policy forms an integral part of the Group's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Anti-Corruption Policy is reviewed and updated on a regular basis to align with the applicable laws and regulations as well as the industry best practices. All the employees are informed and expected to act with integrity, impartiality and honesty.

We encourage and provide directors and senior management with professional training sessions and seminars covering corporate governance, business development and strategy and anti-corruption to enrich and strengthen their professional and business knowledge.

COMMUNICATION WITH THE SHAREHOLDERS

The Board has adopted a shareholder communication policy which is subject to annual review to ensure its implementation and effectiveness. Such policy aims at ensuring shareholders can have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company.

A summary of the Company's shareholder communication policy is as follows:

Information will be communicated to the Shareholders through the Company's financial reports, circulars and announcements, AGMs and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange for publication.

As a channel to further promote effective communication, the Company maintains a website at as a communication platform with Shareholders, where Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

Shareholders' meeting is one of the channels for shareholders to communicate their views on various matters affecting the Company. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. Shareholders may make enquiries to the Company directly by raising questions at general meetings. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditor will use all reasonable efforts to attend annual general meetings and to answer Shareholders' questions.

Furthermore, Shareholders are given sufficient notice of Shareholders' meetings, detailed procedures for conducting a poll was stated in circular to Shareholders accompanying the notice of the annual general meeting.

In order for the Company to solicit and understand the views of Shareholders, Shareholders may make enquiries to the Company through the contact method provided by the Company's website.

The Company reviewed the implementation and effectiveness of the shareholder communication policy has been properly implemented and during the year and considered that the policy is effective.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provided an opportunity for communication between Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Corporate Governance Report

RIGHT TO CONVENE EGM AND PROCEDURES

Pursuant to Article 58 of the Articles, the Board may, whenever it thinks fit, convene an EGM. Anyone or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition.

Such requisition shall be made in writing to the Board or the Company Secretary at the following:

Principal place of business and headquarters in Hong Kong

Address: Room 1304, 13/F.,
Car Po Commercial Building,
18-20 Lyndhurst Terrace,
Central, Hong Kong

Email: admin@kaisun.hk

Attention: Company Secretary

Registered office of the Company

Address: Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111

Attention: Company Secretary

If within 21 days of such deposit, the Board fails to proceed duly to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

For matters in relation to the Board, Shareholders can contact the Company at the following: by post to principal place of business of the Company in Hong Kong at Room 1304, 13/F., Car Po Commercial Building, 18-20 Lyndhurst Terrace, Central, Hong Kong or by email to admin@kaisun.hk.

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemental from time to time. However, pursuant to the Articles, Shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.

INVESTOR RELATIONS

The Board recognises the importance of maintaining on-going communication with Shareholders. The Company has adopted a Shareholders' communication policy and promotes communications with Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and quarterly, interim and annual reports as prescribed under the GEM Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from Shareholders.

Shareholders are encouraged to attend all general meetings of the Company. The notices of the extraordinary general meetings and annual general meeting of the Company were circulated to all Shareholders in accordance with the requirements of the GEM Listing Rules and the Articles. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the GEM website and the Company's website after the meetings.

Any comments and suggestions to the Board can be addressed to the Hong Kong office or the Company Secretary by mail to Room 1304, 13/F., Car Po Commercial Building, 18-20 Lyndhurst Terrace, Central, Hong Kong or email at admin@kaisun.hk.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS, SENIOR MANAGEMENT AND STAFF

The Directors, senior management and staff are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors, senior management and staff to enroll in a wide range of professional development courses and seminars organised by professional bodies in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

The current Directors received the following trainings during the year ended 31 December 2025:

**Attending seminar(s)/
programme(s)/conference(s)
and/or reading materials
relevant to the business or
directors' duties**

Mr. Chen Chun Long (<i>appointed on 24 July 2025</i>)	✓
Mr. Ching Ho Tung Philip (<i>appointed on 24 July 2025</i>)	✓
Ms. Liu Chenzi (<i>appointed on 31 August 2025</i>)	✓
Mr. Ng Ping Yuen (<i>appointed on 7 November 2025</i>)	✓
Mr. Leung Kim Hung, Andy (<i>appointed on 7 November 2025</i>)	✓

Corporate Governance Report

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

The statement by the Auditors of the Company about their reporting responsibilities is set out on page 62 of this report.

AUDIT MODIFICATION

As described under the section headed "Basis for Disclaimer of Opinion" of the "Independent Auditor's Report", the Group has defaulted in repayment of its bonds payable with a principal amount of HK\$46,800,000 and the accrued interest of approximately HK\$4,700,000 as at 31 December 2025 and incurred a loss of approximately HK\$52,155,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$221,090,000 and HK\$69,637,000 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

For further details of the abovementioned disclaimer of opinion, please refer to the "Independent Auditor's Report" set out on pages 62 to 64 of this annual report.

MANAGEMENT'S VIEW ON THE DISCLAIMER OF OPINION

The management of the Company has given careful consideration to the Disclaimer of Opinion (the "Disclaimer") and has had ongoing discussion with RSM Hong Kong when preparing the Group's consolidated financial statements.

In respect of the Disclaimer, management of the Company plans to undertake a number of measures (for details please refer to the below section "Action Plan of the Group to Address the Disclaimer") to improve the Group's future operating results, cash flows, liquidity and financial position to enable the Group to meet its liabilities as and when they fall due for the foreseeable future. The management of the Company is of the view that after taking consideration of the Group's financial forecast and measures to be taken, the Group will have sufficient working capital to operate as a going concern for at least 12 months from the end of reporting period, therefore the Group's consolidated financial statements are prepared on a going concern basis.

However, the Company's auditor is of the view that they were unable to obtain sufficient appropriate audit evidence as to the validity of the going concern basis, as the validity of the going concern basis depends the outcome of measures to be taken, which is subject multiple uncertainties due to future conditions and circumstances, including (i) whether the improvement of future operating results and cash flows would be realised; and (ii) whether the agreements with the Group's creditors on the extension of repayment of debts would be reached.

The Disclaimer was due to the absence of sufficient appropriate audit evidence on outcome of future events, there are no difference in view between the management of the Company and the auditor.

The management of the Company acknowledged and agreed with the disclaimer of opinion RSM Hong Kong issued based on their professional and independent assessment.

ACTION PLAN OF THE GROUP TO ADDRESS THE DISCLAIMER AND REMOVAL OF DISCLAIMER

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering the next twelve months from 31 December 2025 prepared by the management of the Company; and after taking into consideration the following:

- (i) having regard to the forecasted revenue stream of the Group, the directors believe that the Group will be able to generate sufficient cash flows from operations;
- (ii) the positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the matured bond payables of HK\$46,800,000 and the accrued interest of approximately HK\$4,700,000; and
- (iii) Mr. Chan Nap Kee, Joseph, former executive Director of the Company and former chairman of the Board, expressed his continued committed to the Company and agreed to extend his interest-free shareholder loan and will not demand payment from the Group until 30 June 2027, in support of the Group's financial stability and ongoing business operations.

The management considered that the proposed measures mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Disclaimer. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2025 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Disclaimer can be removed in the next financial year purely based on the Company's measures above.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER

The audit committee of the Company confirmed that it had independently reviewed and agreed with (i) the management's position and basis concerning the Disclaimer as set out above; and (ii) the action plan of the Group to address the Disclaimer as set out above.

Independent Auditor's Report



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TO THE SHAREHOLDERS OF KAISUN HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Kaisun Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 65 to 154, which comprise the consolidated statement of financial position as at 31 December 2025, and consolidated statement of profit or loss, 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 matters 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 the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern

As detailed in note 2 to the consolidated financial statements of the Group, the Group has defaulted in repayment of its bonds payable with a principal amount of HK\$46,800,000 and the accrued interest of approximately HK\$4,700,000 as at 31 December 2025 and incurred a loss of approximately HK\$52,155,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$221,090,000 and HK\$69,637,000 respectively. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Material uncertainties relating to going concern *(Continued)*

The management of the Company is planning to undertake a number of measures to improve the Group's future operating results, cash flows, liquidity and financial position to enable the Group to meet its liabilities as and when they fall due for the foreseeable future which are set out in note 2 to the consolidated financial statements of the Group. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) the successful improvement of future operating results and cash flows; and (ii) the positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the defaulted bonds payable with a principal amount of HK\$46,800,000 and the accrued interest of approximately HK\$4,700,000 mentioned above. However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that (i) the improvement of future operating results and cash flows would be realised; and (ii) the agreements with the Group's creditors on the extension of repayment of debts would be reached, including the default bonds payable interest thereon mentioned above.

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

In view of the significance of and the potential interaction of the multiple uncertainties described above and their possible cumulative effects on the consolidated financial statements, we disclaim our opinion in respect of the consolidated financial statements of the Group for the year ended 31 December 2025.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Independent Auditor's Report

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our 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 audits of financial statements of public interest entities. We have also 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. Wong Poh Weng (Practising certificate number: P01162).

RSM Hong Kong

Certified Public Accountants

31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	8	969,931	1,112,283
Cost of goods sold and services		(903,186)	(976,713)
Gross profit		66,745	135,570
Investment and other income	9	3,602	3,715
Other gains and losses	10	(36,477)	(22,668)
Administrative and other operating expenses		(92,751)	(80,747)
(Loss)/profit from operations		(58,881)	35,870
Finance costs	11	(16,458)	(21,449)
(Loss)/profit before tax		(75,339)	14,421
Income tax credit/(expense)	12	23,184	(3,028)
(Loss)/profit for the year	13	(52,155)	11,393
Attributable to:			
Owners of the Company		(47,474)	8,878
Non-controlling interests		(4,681)	2,515
		(52,155)	11,393
(Loss)/earnings per share (cents)			
Basic	17	(8.20)	1.53
Diluted	17	N/A	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the year		(52,155)	11,393
Other comprehensive income			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		467	1,836
Other comprehensive income for the year, net of tax		<u>467</u>	<u>1,836</u>
Total comprehensive income for the year		<u>(51,688)</u>	<u>13,229</u>
Attributable to:			
Owners of the Company		(48,379)	11,621
Non-controlling interests		<u>(3,309)</u>	<u>1,608</u>
		<u>(51,688)</u>	<u>13,229</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	18	44,214	83,643
Right-of-use assets	19	5,521	162
Intangible assets	20	187,405	242,391
Financial assets at fair value through other comprehensive income ("FVTOCI")	21	—	—
Deferred tax assets	33	8,587	9,236
Deposits paid for acquisition of property, plant and equipment		2,167	8,016
		<u>247,894</u>	<u>343,448</u>
Current assets			
Inventories	23	5,085	5,869
Financial assets at fair value through profit or loss ("FVTPL")	22	13,056	11,399
Trade and bills receivables	24	20,410	76,188
Deposits, prepayments and other receivables	25	150,057	208,696
Current tax assets		1,007	—
Deposits in a licensed corporation		28,233	24,619
Bank and cash balances	26	46,904	70,776
		<u>264,752</u>	<u>397,547</u>
Current liabilities			
Trade payables	27	9,979	13,638
Other payables and accruals	28	288,268	433,841
Contract liabilities	29	137,067	128,950
Bonds payable	30	46,800	46,800
Other financial liabilities	31	3,013	15,671
Lease liabilities	32	176	125
Current tax liabilities		539	8,027
		<u>485,842</u>	<u>647,052</u>
Net current liabilities		<u>(221,090)</u>	<u>(249,505)</u>
Total assets less current liabilities		<u>26,804</u>	<u>93,943</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Other payables and accruals	28	92,560	92,750
Lease liabilities	32	195	31
Deferred tax liabilities	33	3,686	19,111
		<u>96,441</u>	<u>111,892</u>
NET LIABILITIES		<u>(69,637)</u>	<u>(17,949)</u>
Capital and reserves			
Share capital	34	58,342	58,342
Reserves	36	(145,750)	(97,337)
Equity attributable to owners of the Company		(87,408)	(38,995)
Non-controlling interests		17,771	21,046
CAPITAL DEFICIENCY		<u>(69,637)</u>	<u>(17,949)</u>

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

CHEN Chun Long

CHING Ho Tung Philip

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company						Non-controlling interests	Total capital deficiency	
	Share capital	Shares held under share award scheme (note 37(a))	Share premium (note 36(b)(i))	Foreign currency translation reserve (note 36(b)(iii))	Financial assets at FVTOCI reserve (note 36(b)(iii))	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2024	58,342	(3,371)	1,361,910	(3,520)	(7,200)	(1,456,777)	(50,616)	19,438	(31,178)
Total comprehensive income for the year	—	—	—	2,743	—	8,878	11,621	1,608	13,229
Changes in equity for the year	—	—	—	2,743	—	8,878	11,621	1,608	13,229
At 31 December 2024 and 1 January 2025	58,342	(3,371)	1,361,910	(777)	(7,200)	(1,447,899)	(38,995)	21,046	(17,949)
Total comprehensive income for the year	—	—	—	(485)	—	(47,894)	(48,379)	(3,309)	(51,688)
Transaction with non-controlling interest (note)	—	—	—	—	—	(34)	(34)	34	—
Changes in equity for the year	—	—	—	(485)	—	(47,928)	(48,413)	(3,275)	(51,688)
At 31 December 2025	58,342	(3,371)	1,361,910	(1,262)	(7,200)	(1,495,827)	(87,408)	17,771	(69,637)

Note: During the year, the Group's 79.95% indirectly owned subsidiary, 山東凱萊能源物流有限公司 ("Kailai") transferred its 58.42% equity interest in 滕州凱源實業有限公司 ("Kaiyuan") to Kaisun Energy Equipment Limited, a wholly owned subsidiary of the Group with no consideration. Upon the completion, Kaiyuan became the wholly owned subsidiary of the Group, the Group recognised a decrease in non-controlling interests of approximately HK\$34,000 and an increase in equity attributable to the owners of the Company of the same amount.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(75,339)	14,421
Adjustments for:			
Depreciation on property, plant and equipment		50,885	3,826
Depreciation on right-of-use assets		61	577
Amortisation of intangible assets		10,091	10,111
Gain on disposal of financial assets at FVTPL		(807)	—
Gain on disposal of subsidiaries		(1,344)	—
Loss on disposal of property, plant and equipment		7	1
Fair value (gain)/loss on financial assets at FVTPL		(3,931)	4,327
Fair value gain on financial liabilities at FVTPL		(12,658)	(26,392)
(Reversal of impairment loss)/impairment loss on trade and other receivables		(1,333)	21,548
Impairment loss on intangible assets		53,683	—
Impairment loss on property, plant and equipment		4,025	13,036
Impairment loss on right-of-use assets		506	9,767
Inventories written off		585	—
Net exchange gain		(479)	—
Finance costs		16,458	21,449
Investment income		(452)	(1,197)
Operating profit before working capital changes		39,958	71,474
Decrease/(increase) in inventories		422	(2,257)
Decrease/(increase) in trade and bills receivables		212,188	(13,557)
Decrease/(increase) in deposits, prepayments and other receivables		256,384	(151,332)
(Increase)/decrease in deposits in a licensed corporation		(3,477)	538
(Decrease)/increase in trade payables		(4,142)	2,812
(Decrease)/increase in other payables and accruals		(446,152)	165,658
Increase in contract liabilities		2,650	78,380
Cash generated from operations		57,831	151,716
Purchases of financial assets at FVTPL		—	(1,126)
Income tax paid		(178)	(152)
Interest paid		(27,770)	(15,704)
Interest on lease liabilities	39(b)	(10)	(34)
Net cash generated from operating activities		29,873	134,700

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiaries	39(a)	18	—
Interest received		90	797
Dividend income from equity investments		362	400
Purchases of property, plant and equipment	39(d)	(12,811)	(59,216)
Proceeds from disposals of property, plant and equipment		3	12
Proceeds from disposals of financial assets at FVTPL		3,081	—
Settlement of the payable for mining rights		(3,493)	(3,058)
Advance to a business partner		(25,434)	—
Deposits paid for acquisition of property, plant and equipment		—	(8,190)
Net cash used in investing activities		(38,184)	(69,255)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments	39(b)	(311)	(186)
Advance from third parties	39(b)	543	544
Repayment of advance from third parties	39(b)	(16,648)	(5,121)
Net cash used in financing activities		(16,416)	(4,763)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(24,727)	60,682
Effect of foreign exchange rate changes		855	187
CASH AND CASH EQUIVALENTS AT 1 JANUARY		70,776	9,907
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		46,904	70,776
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		46,904	70,776

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Kaisun Holdings Limited (“the Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong. The Company’s shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”). IFRS Accounting Standards comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

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

Going concern basis

The Group incurred a loss of approximately HK\$52,155,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$221,090,000 and HK\$69,637,000 respectively.

As disclosed in note 30 to the consolidated financial statements, the Group had defaulted in repayment of its bonds payable with a principal amount of HK\$46,800,000 and the accrued interest of approximately HK\$4,700,000 as at 31 December 2025.

These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. BASIS OF PREPARATION AND GOING CONCERN *(Continued)*

Going concern basis *(Continued)*

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering the next fifteen months from 31 December 2025 prepared by the management of the Company; and after taking into consideration the following:

- (i) having regard to the expected growth of the current business activities of the Group and continue to streamline the Group's structure and reduce the relevant operating costs, the directors believe that the Group will be able to generate sufficient cash flows from operations; and
- (ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the bond payables of HK\$46,800,000 and the accrued interest of approximately HK\$4,700,000 as disclosed in note 30 to the consolidated financial statements.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's 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.

3. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

(a) Application of new and revised IFRS Accounting Standards

The Group has adopted all of the new or amended IFRS Accounting Standards and Interpretations issued by the IASB that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS *(Continued)*

(b) Revised IFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The company's assessment of the impact of these new or amended IFRS Accounting Standards and Interpretations, most relevant to the company, are set out below:

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

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the new and amendments to IFRS Accounting Standards mentioned below.

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS *(Continued)*

(b) Revised IFRS Accounting Standards in issue but not yet effective *(Continued)*

IFRS 18 “Presentation and Disclosure in Financial Statements” *(Continued)*

The new accounting standard introduces the following key new requirements:

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

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

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

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Statement of Cash Flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7

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

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS *(Continued)*

(b) Revised IFRS Accounting Standards in issue but not yet effective *(Continued)* *Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7 (Continued)*

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

(a) Consolidation

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(a) Consolidation *(Continued)*

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

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

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

(iii) Translation on consolidation

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Foreign currency translation *(Continued)*

(iii) Translation on consolidation (Continued)

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). 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.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Construction in progress represents buildings under construction, plant and equipment pending installation and development costs incurred to provide access to specific components of coal body prior to the commencement of production. It is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Property, plant and equipment (Continued)

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

Railway logistic platform	10%
Buildings	2%–4.5%
Leasehold improvements	20%–30%
Plant and machinery	9%–20%
Office equipment	15%–25%
Furniture and fixtures	10%–20%
Motor vehicles	10%–30%

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

Following the review, the Group determined that the access provided by its mining-related assets had been fully utilised in the extraction of the related coal body from the fire extinguishing work. Consequently, the estimated useful lives of these assets was revised to expire in 2025, resulting in the full depreciation of the carrying amount during the current reporting period.

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

(e) Leases

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

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

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

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

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) *The Group as a lessor*

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

(f) Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at the end of each reporting period.

(g) Inventories

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Contract assets and contract liabilities

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

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

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

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

(i) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to manufacture the mining and metallurgical machineries products under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction works based on achieving a series of performance-related milestones. When a particular milestone is reached the customer would confirm a relevant statement of work and an invoice would be issued for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Construction contracts (Continued)

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

(j) Recognition and derecognition of financial instruments

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

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

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(k) Financial assets

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

Debt investments

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

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

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Trade and other receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(n) Financial liabilities and equity instruments

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

(o) Borrowings

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

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(q) Equity instruments

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

(r) Revenue and other income

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

Revenues from the production and sales of coal, sales of spare parts for mining and metallurgical machineries products and provision of supply chain management services for mineral business are recognised when control of the goods has transferred, being when the goods have been delivery to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from sales of manufactured mining and metallurgical machineries products is recognised based on the stage of completion of the contract. Payment for installation of machineries is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

Revenue from construction contracts is recognised in accordance with the policy set out in note 4(i) above.

The Group organises eSports events and provides events management services and corporate services. Revenues are recognised over time where the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs. Revenue from such services are recognised based on the stage of completion of the contract. Payment for provision of services are not due from the customers until the services are completed and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date. Otherwise revenue were recognised at a point in time.

Revenue from logistics services for mineral business and trust and trustee services are recognised when the services are rendered.

Revenue from operating of railway logistic platform logistics are recognised when the services are rendered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(r) Revenue and other income *(Continued)*

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(s) Employee benefits

(i) *Employee leave entitlements*

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

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

(ii) *Pension obligations*

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

For long service payment ("LSP") obligation, the Group accounts for the employer mandatory provident fund ("MPF") contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of IAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(t) Share-based payments

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

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(u) Borrowing costs

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

(v) Government grants

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

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

(w) Taxation

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(w) Taxation *(Continued)*

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(w) Taxation *(Continued)*

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

(x) Impairment of non-financial assets

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

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

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

(y) Impairment of financial assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

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

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

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

Definition of default

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets (Continued)

Credit-impaired financial assets

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

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

Write-off policy

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

Measurement and recognition of ECL

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

For financial assets, the expected credit loss 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

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

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not applicable are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Critical judgements in applying accounting policies

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

(a) *Going concern basis*

The directors have prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the next fifteen months from the reporting date, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 2 to the consolidated financial statements.

(b) *Significant increase in credit risk*

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

(c) *Legal titles of certain buildings and land use rights*

As disclosed in note 18 and note 19 to the consolidated financial statements, the legal titles of certain buildings and land use rights have not been obtained by the Group as at 31 December 2025. Despite the fact the Group has not obtained the relevant legal title, the directors of the Company determine to recognise these buildings and land use rights as property, plant and equipment and right of use assets on the ground that they expect the legal titles should be obtained in future with no major difficulties and the Group is in substance controlling these buildings and land use rights.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty

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

(a) 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 judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying 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 unit 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.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2025 were approximately HK\$44,214,000 (2024: HK\$83,643,000) and HK\$5,521,000 (2024: HK\$162,000) respectively.

(b) Impairment of intangible assets

The Group assesses whether there are any indicators of impairment for intangible assets at the end of each reporting period. Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an intangible asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The estimation of the recoverable amount of the intangible assets requires the directors to estimate the future cash flows expected to arise from the intangible assets and suitable discount rate.

In determining the recoverable amount, the valuer has based its valuation on fair value less costs of disposal approach which involves unobservable market data to derive the fair values of the intangible assets. In determining the recoverable amount of the intangible assets, the valuer has based its valuation on the projected future cash flows of the mining business using the multi period excess earnings method. In relying on the valuations, management has exercised their judgement and is satisfied that the methods of valuation adopted are appropriate in determining the relevant recoverable amounts of the mining rights and reflective of current market conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Impairment of intangible assets (Continued)

The carrying amount of intangible assets at the end of the reporting period was approximately HK\$187,405,000 (2024: HK\$242,391,000) after an impairment loss of HK\$53,683,000 (2024: HK\$Nil) was recognised during the year. Details of the impairment losses calculation are provided in note 20 to consolidated financial statements.

(c) Impairment of trade and bills receivables

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

The Group uses practical expedient in estimating ECL on trade and bills receivables using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and 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.

As at 31 December 2025, the carrying amount of trade and bills receivables was approximately HK\$20,410,000 (net of allowance for doubtful debts of approximately HK\$56,857,000) (2024: HK\$76,188,000 (net of allowance for doubtful debts of HK\$52,435,000)).

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the year ended 31 December 2025 (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$, United States dollars ("US\$") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2025, if the HK\$ had strengthened/weakened 3 per cent (2024: 3 per cent) against RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$5,424,000 higher/lower (2024: profit after tax for the year of HK\$5,322,000 lower/higher), arising mainly as a result of the foreign exchange loss/gain on trade and other payables denominated in RMB.

The directors of the Company consider that the foreign currency exposure in respect of US\$ for the years ended 31 December 2025 and 2024 are insignificant to the Group and therefore no sensitivity analysis is presented thereon.

(b) Price risk

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

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% (2024: 10%) higher/lower, consolidated loss after tax for the year ended 31 December 2025 would decreased/increased by approximately HK\$1,306,000 (2024: profit after tax for the year increased/decreased by HK\$1,140,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers. Debtors with balances that past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 83% (2024: 97%) of the total trade and bills receivables as at 31 December 2025. The Group has concentration of credit risk as 19% (2024: 40%) of the total trade receivables was due from five (2024: one) of the Group's customers within the coal mining business segment. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk for accounts receivables arising from different segments of the Group as at 31 December 2025 and 2024.

	2025		
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Coal mining business segment			
Current (not past due)	2.00%	4,206	84
0–30 days past due	1.98%	1,968	39
31–60 days past due	4.84%	1,383	67
61–90 days past due	7.70%	3,141	242
91 days–1 year past due	33.91%	9,372	3,178
1–2 years past due	100%	12,006	12,006
2–3 years past due	100%	2,669	2,669
Over 3 years past due	100%	38,316	38,316
Consulting and media service business segment			
91 days–1 year past due	40%	5	2
Corporate and investment business segment			
2–3 years past due	100%	15	15
Over 3 years past due	100%	239	239
		<u>73,320</u>	<u>56,857</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade receivables (Continued)

	2024		
	Expected loss rate %	Gross carrying amount HK\$'000	Loss Allowance HK\$'000
Coal mining business segment			
Current (not past due)	1.60%	7,691	123
0–30 days past due	1.60%	10,190	163
31–60 days past due	3.04%	658	20
61–90 days past due	4.54%	1,057	48
91 days–1 year past due	18.29%	60,307	11,031
1–2 years past due	49.79%	5,208	2,593
2–3 years past due	100%	2,701	2,701
Over 3 years past due	100%	35,339	35,339
Consulting and media service business segment			
0–30 days past due	11.11%	9	1
31–60 days past due	8.21%	329	27
61–90 days past due	16.67%	6	1
91 days–1 year past due	49.55%	224	111
1–2 years past due	100%	23	23
Corporate and investment business segment			
1–2 years past due	100%	15	15
Over 3 years past due	100%	239	239
		123,996	52,435

Expected loss rates are based on actual loss experience over the past 10 years (2024: 9 years). These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade receivables (Continued)

Movement in the loss allowance account for trade receivables during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	52,435	44,281
Net remeasurement of loss allowance	3,240	9,057
Written off	—	(99)
Exchange differences	1,182	(804)
At 31 December	<u>56,857</u>	<u>52,435</u>

During the year, the decrease in loss allowance of approximately HK\$3,240,000 is mainly attributed to the decrease in gross amount of trade receivables past due over 91 days by approximately HK\$41,434,000.

Financial assets at FVTOCI and amortised cost

All of the Group's investments at FVTOCI and amortised cost are considered to have low credit risk, except for the trade deposits and other receivables, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include deposits in a licensed corporation, trade deposits placed with suppliers, utilities and other deposits, transportation fee receivables and other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Financial assets at FVTOCI and amortised cost (Continued)

Movement in the loss allowance for financial assets at amortised cost during the year is as follows:

	Deposits in a licensed corporation HK\$'000	Trade deposits placed with suppliers HK\$'000	Utilities and other deposits HK\$'000	Transportation fee receivables HK\$'000	Other receivables HK\$'000	Total HK\$'000
At 1 January 2024	262	57,648	5	16,621	92,879	167,415
Net remeasurement of loss allowance	27	—	9	—	12,455	12,491
Written off	—	—	—	—	(6,306)	(6,306)
Exchange difference	—	—	(1)	(545)	(828)	(1,374)
At 31 December 2024 and 1 January 2025	289	57,648	13	16,076	98,200	172,226
Net remeasurement of loss allowance	(137)	—	(11)	—	(4,425)	(4,573)
Exchange difference	—	—	—	675	1,006	1,681
At 31 December 2025	152	57,648	2	16,751	94,781	169,334

Financial assets at FVTOCI includes unlisted debt securities. The loss allowance for debt investment at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in other comprehensive income.

Movement in the loss allowance for financial assets at FVTOCI during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January and 31 December	9,500	9,500

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the Directors of the Company when the borrowing exceed certain predetermined level of authority.

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

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

	Carrying amount	Total contractual undiscounted cash outflow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2025						
Trade payables	9,979	9,979	9,979	—	—	—
Other payables and accruals	380,828	458,530	300,676	15,780	47,339	94,735
Bonds payable	46,800	46,800	46,800	—	—	—
Other financial liabilities	3,013	3,013	3,013	—	—	—
Lease liabilities	371	416	206	210	—	—
At 31 December 2024						
Trade payables	13,638	13,638	13,638	—	—	—
Other payables and accruals	526,591	613,400	446,766	15,144	45,431	106,059
Bonds payable	46,800	46,800	46,800	—	—	—
Other financial liabilities	15,671	871	871	—	—	—
Lease liabilities	156	173	136	37	—	—

(e) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and borrowings. The Group's bank deposits bear interests at variable rates varied with the then prevailing market condition. The Group's borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 December 2025, if interest rates had been 50 basis points higher/lower, with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$181,000 lower/higher (2024: profit after tax for the year of HK\$272,000 higher/lower), arising mainly as a result of lower/higher interest income on bank deposits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments at 31 December

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets measured at FVTOCI	—	—
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
Held for trading	13,056	11,399
Financial assets measured at amortised cost	<u>244,453</u>	<u>378,442</u>
Financial liabilities		
Financial liabilities at amortised cost	437,607	587,029
Financial liabilities at FVTPL	<u>3,013</u>	<u>15,671</u>

(g) Fair values

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

7. FAIR VALUE MEASUREMENTS

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 31 December:

Description	Fair value measurements using:		Total
	Level 1 HK\$'000	Level 3 HK\$'000	2025 HK\$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed equity securities	13,056	—	13,056
Financial assets at FVTOCI			
Unlisted securities	—	—	—
Total	13,056	—	13,056
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	3,013	—	3,013

Description	Fair value measurements using:		Total
	Level 1 HK\$'000	Level 3 HK\$'000	2024 HK\$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed equity securities	11,399	—	11,399
Financial assets at FVTOCI			
Unlisted securities	—	—	—
Total	11,399	—	11,399
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	871	14,800	15,671

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at FVTOCI — unlisted securities HK\$'000	Financial liabilities at FVTPL HK\$'000	2025 Total HK\$'000
	At 1 January 2025	—	14,800
Transfer out of level 3	—	(14,800)	(14,800)
At 31 December 2025	—	—	—

Description	Financial assets at FVTOCI — unlisted securities HK\$'000	Financial liabilities at FVTPL HK\$'000	2024 Total HK\$'000
	At 1 January 2024	—	42,063
Total gains or losses recognised in profit or loss [#]	—	(26,392)	(26,392)
Transfer out of level 3	—	(871)	(871)
At 31 December 2024	—	14,800	14,800

[#] Include in other gains and losses

During the year, financial liabilities at FVTPL amounting to HK\$14,800,000 (2024: HK\$871,000) were transferred from measurement based on level 3 to level 1 as a result of the lapsed of option in the forward sell financial assets at FVTPL.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENTS *(Continued)*

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2025:**

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value	
					2025 HK\$'000 Assets/ (Liabilities)	2024 HK\$'000 Assets/ (Liabilities)
Financial liabilities at FVTPL	Binomial option pricing model and black-scholes option pricing model	Risk- free rate	N/A (2024: 4.01%)	Decrease	—	(14,800)
		Dividend yield	N/A (2024: 0%)	Increase		
		Volatility	N/A (2024: 29.68%)	Decrease		

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. REVENUE

Disaggregation of revenue

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

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sales of goods:		
— Production and sales of coal	931,141	1,001,765
— Provision of supply chain management services for mineral business	3,971	72,045
— Mining and metallurgical machineries products	10,180	18,807
	<u>945,292</u>	<u>1,092,617</u>
Provision of services:		
— Logistics services for mineral business	15,189	8,412
— Trust and trustee services	1,980	2,215
— Event management services	2,564	5,040
— Operating of railway logistic platform	4,025	3,151
— Others	881	848
	<u>881</u>	<u>848</u>
	<u>969,931</u>	<u>1,112,283</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. REVENUE (Continued)

Disaggregation of revenue (Continued)

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Production and sales of coal		Provision of supply chain management services for mineral business		Mining and metallurgical machineries products		Logistics services for mineral business		Trust and trustee services		Event management services		Operating of railway logistic platform		Others		Total		
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Primary geographical markets																			
— Hong Kong	—	—	—	—	—	—	—	—	1,980	2,215	2,564	5,040	—	—	881	595	5,425	7,850	
— PRC except Hong Kong	931,141	1,001,765	3,971	72,045	10,180	18,807	15,189	8,412	—	—	—	—	—	—	—	—	960,481	1,101,029	
— Others	—	—	—	—	—	—	—	—	—	—	—	—	4,025	3,151	—	253	4,025	3,404	
Revenue from external customers	931,141	1,001,765	3,971	72,045	10,180	18,807	15,189	8,412	1,980	2,215	2,564	5,040	4,025	3,151	881	848	969,931	1,112,283	
Timing of revenue recognition																			
Products transferred at a point in time	931,141	1,001,765	3,971	72,045	4,295	18,807	15,189	8,412	1,677	1,851	1,059	1,824	—	—	172	475	957,504	1,105,179	
Products and services transferred over time	—	—	—	—	5,885	—	—	—	303	364	1,505	3,216	4,025	3,151	709	373	12,427	7,104	
Total	931,141	1,001,765	3,971	72,045	10,180	18,807	15,189	8,412	1,980	2,215	2,564	5,040	4,025	3,151	881	848	969,931	1,112,283	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. INVESTMENT AND OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Interest income on bank deposits	90	797
Dividend income from equity investments	362	400
Government grants	21	239
Rental income	720	963
Sundry income	2,409	1,316
	<u>3,602</u>	<u>3,715</u>

10. OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Fair value gain/(loss) on financial assets at FVTPL	3,931	(4,327)
Fair value gain on financial liabilities at FVTPL	12,658	26,392
Net foreign exchange gains/(loss)	1,671	(381)
Reversal of impairment loss/(impairment loss) on trade and other receivables	1,333	(21,548)
Impairment loss on right-of-use assets	(506)	(9,767)
Impairment loss on property, plant and equipment	(4,025)	(13,036)
Impairment loss on intangible assets	(53,683)	—
Gain on disposal of financial assets at FVTPL	807	—
Gain on disposal of subsidiaries	1,344	—
Loss on disposal of property, plant and equipment	(7)	(1)
	<u>(36,477)</u>	<u>(22,668)</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interests on bonds payable	—	4,680
Interest expenses on lease liabilities (<i>note 19</i>)	10	34
Interests on other borrowings	4,499	4,321
Imputed interest expenses on payables for mining rights	11,949	12,414
	<u>16,458</u>	<u>21,449</u>

12. INCOME TAX (CREDIT)/EXPENSE

	2025 HK\$'000	2024 HK\$'000
Current tax — Hong Kong		
Provision for the year	23	8
Over-provision in prior years	(1,009)	(1,464)
	(986)	1,456
Current tax — PRC		
Provision for the year	—	7,347
Over-provision in prior years	(7,272)	—
	(8,258)	5,891
Current tax — Mongolia		
Provision for the year	306	316
	(7,952)	6,207
Deferred tax (<i>note 33</i>)	(15,232)	(3,179)
	<u>(23,184)</u>	<u>3,028</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. INCOME TAX (CREDIT)/EXPENSE (Continued)

Hong Kong and Mongolia Profits Tax is calculated at 16.5% and 10% respectively on the estimated assessable profit for both years.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, has been provided at a rate of 25% for both years.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax (credit)/expense and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit before tax	<u>(75,339)</u>	<u>14,421</u>
Tax at the domestic income tax rate of 16.5% (2024:16.5%)	(12,431)	2,379
Tax effect of income that is not taxable	(8,517)	(5,102)
Tax effect of expenses that are not deductible	28,331	19,968
Tax effect of tax loss not recognised	3,227	6,502
Tax effect of utilisation of tax losses not previously recognised	(2,600)	(16,828)
Tax effect of temporary differences recognised	(15,232)	(3,179)
Tax effect of temporary differences not recognised	462	550
Effect of different tax rates of subsidiaries operating in other jurisdictions	(8,143)	202
Over-provision in prior years	<u>(8,281)</u>	<u>(1,464)</u>
Income tax (credit)/expense	<u>(23,184)</u>	<u>3,028</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration		
— Audit services	2,900	2,900
Cost of inventories sold	663,827	849,654
Depreciation on property, plant and equipment	50,885	3,826
Depreciation on right-of-use assets	61	—
Amortisation of intangible assets (included in administrative and other operating expenses)	10,091	10,111
Gain on disposal of subsidiaries	(1,344)	—
Loss on disposal of property, plant and equipment	7	1
Fair value (gain)/loss on financial assets at FVTPL	(3,931)	4,327
Fair value gain on financial liabilities at FVTPL	(12,658)	(26,392)
(Reversal of impairment loss)/impairment loss on trade and other receivables	(1,333)	21,548
Gain on disposal of financial asset at FVTPL	(807)	—
Impairment loss of intangible assets	53,683	—
Impairment losses on property, plant and equipment	4,025	13,036
Impairment losses on right-of-use assets	506	9,767
Net exchange (gain)/loss	(1,671)	381

14. EMPLOYEE BENEFITS EXPENSE

	2025 HK\$'000	2024 HK\$'000
Employee benefits expense:		
— Salaries, bonuses and allowances	31,488	30,546
— Retirement benefit scheme contributions	290	312
	<u>31,778</u>	<u>30,858</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. EMPLOYEE BENEFITS EXPENSE (Continued)

Five highest paid individuals

The five highest paid individuals in the Group during the year included three directors (2024: two directors and one chief executive officer) whom emoluments are reflected in the analysis presented in note 15(a). The emoluments of the remaining two (2024: two) individuals are set out below:

	2025 HK\$'000	2024 HK\$'000
Basic salaries, allowances and benefits in kind	1,680	1,680
Discretionary bonuses	—	60
Retirement benefits scheme contributions	36	36
	<u>1,716</u>	<u>1,776</u>

The emoluments fell within the following bands:

	2025	2024
HK\$Nil to HK\$1,000,000	<u>2</u>	<u>2</u>

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: HK\$Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Directors' and senior management's emoluments

The remuneration of every directors and senior management is set out below:

	Emoluments paid or receivable in respect of a person's services as a director and chief executive officer, whether of the Company or its subsidiary undertaking				Total HK\$'000
	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
For the year ended 31 December 2025					
Executive directors:					
CHEN Chun Long <i>(Chief Executive Officer) (note (i))</i>	—	2,083	97	18	2,198
CHING Ho Tung Philip <i>(Chief Executive Officer) (note (i))</i>	—	626	55	18	699
CHAN Nap Kee, Joseph <i>(note (ii))</i>	—	2,401	—	11	2,412
YANG Yongcheng <i>(note (iii))</i>	—	480	—	12	492
Non-Executive directors:					
LIU Chenzi <i>(note (iv))</i>	40	—	—	—	40
Independent non-executive directors:					
NG Ping Yuen <i>(note (v))</i>	18	—	—	—	18
LEUNG Kim Hung, Andy <i>(note (v))</i>	18	—	—	—	18
	<u>76</u>	<u>5,590</u>	<u>152</u>	<u>59</u>	<u>5,877</u>

For the year ended 31 December 2024

Executive directors:					
CHAN Nap Kee, Joseph	—	4,174	—	18	4,192
YANG Yongcheng	—	720	—	18	738
Independent non-executive directors:					
LIEW Swee Yean <i>(note (vi))</i>	147	—	—	—	147
Dr. WONG Yun Kuen <i>(note (vii))</i>	112	—	—	—	112
WU Zheng <i>(note (vi))</i>	147	—	—	—	147
Chief Executive Officers:					
CHEN Chun Long	—	2,084	97	18	2,199
CHING Ho Tung Philip	—	600	50	18	668
	<u>406</u>	<u>7,578</u>	<u>147</u>	<u>72</u>	<u>8,203</u>

Neither the chief executive officers nor the directors waived any emoluments during the year (2024: HK\$Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

(a) Directors' and senior management's emoluments (Continued)

Note:

- (i) Chen Chun Long and Ching Ho Tung Philip were appointed as executive directors of the Group on 24 July 2025. Prior to their appointments, remuneration of approximately HK\$1,215,000 and HK\$351,000 respectively, had been paid to them in respect of their services rendered as chief executive officers of the Group during the year.
- (ii) Resigned on 27 July 2025
- (iii) Resigned on 31 August 2025
- (iv) Liu Chenzi was appointed as a non-executive director of the Group on 31 August 2025. Prior to her appointment, she had already been an employee of the Group and received approximately HK\$591,000 as employee's emoluments during the year.
- (v) Appointed on 7 November 2025
- (vi) Resigned on 20 December 2024
- (vii) Resigned on 27 September 2024

(b) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 44 to the consolidated financial statements, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2025 and 2024.

17. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the following:

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	<u>(47,474)</u>	<u>8,878</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>578,724,208</u>	<u>578,724,208</u>

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2024 and 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. PROPERTY, PLANT AND EQUIPMENT

	Railway logistic platform	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Furniture and fixtures	Motor vehicles	Mining- related assets	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost										
At 1 January 2024	30,003	6,676	12,585	6,731	1,393	116	4,743	—	5,587	67,834
Additions	—	593	29	451	123	—	5,920	—	52,100	59,216
Disposals	—	—	—	—	—	—	(259)	—	—	(259)
Exchange differences	—	(219)	(413)	(230)	(37)	(3)	(276)	—	(1,291)	(2,469)
At 31 December 2024 and 1 January 2025	30,003	7,050	12,201	6,952	1,479	113	10,128	—	56,396	124,322
Additions	—	2,851	2,640	592	1,015	1	6,480	—	—	13,579
Disposals	—	—	—	—	(25)	—	—	—	—	(25)
Transferred	—	7,965	3,982	—	—	—	—	45,561	(57,508)	—
Exchange differences	—	507	656	304	69	2	567	995	1,112	4,212
At 31 December 2025	30,003	18,373	19,479	7,848	2,538	116	17,175	46,556	—	142,088
Accumulated depreciation and impairment losses										
At 1 January 2024	10,588	6,093	1,790	3,645	1,070	110	1,526	—	—	24,822
Charge for the year	2,219	105	472	198	108	3	721	—	—	3,826
Disposals	—	—	—	—	—	—	(246)	—	—	(246)
Impairment losses	—	—	7,634	2,531	—	2	2,869	—	—	13,036
Exchange differences	—	(201)	(230)	(178)	(26)	(3)	(121)	—	—	(759)
At 31 December 2024 and 1 January 2025	12,807	5,997	9,666	6,196	1,152	112	4,749	—	—	40,679
Charge for the year	2,219	565	1,127	256	219	1	937	45,561	—	50,885
Disposals	—	—	—	—	(15)	—	—	—	—	(15)
Impairment losses	—	—	2,744	400	144	—	737	—	—	4,025
Exchange differences	—	261	489	276	41	2	236	995	—	2,300
At 31 December 2025	15,026	6,823	14,026	7,128	1,541	115	6,659	46,556	—	97,874
Carrying amount										
At 31 December 2025	14,977	11,550	5,453	720	997	1	10,516	—	—	44,214
At 31 December 2024	17,196	1,053	2,535	756	327	1	5,379	—	56,396	83,643

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

In a view of the operating losses suffered in certain subsidiaries of the Company for the year ended 31 December 2025, the management considered that certain property, plant and equipment and right-of-use assets as set out in note 18 and 19 to the consolidated financial statements attributable to these CGU's within the coal mining business segment have been impaired as at 31 December 2025. The directors carried out an impairment assessment on property, plant and equipment and right-of-use assets of the subsidiaries with carrying amounts of HK\$4,025,000 (2024: HK\$13,036,000) and HK\$506,000 (2024:HK\$9,767,000) respectively as at 31 December 2025 and determined that full impairment of the assets should be recognised in profit or loss for the year ended 31 December 2025. The recoverable amount of these property, plant and equipment and right-of-use assets has been determined on the basis of their value in use using discounted cash flow method based on financial budgets approved by the directors covering a five-year period.

At 31 December 2025, the Group has not obtained the building ownership certificates for the buildings with carrying value of approximately HK\$10,571,000 (2024: HK\$Nil) which are located in the PRC.

19. RIGHT-OF-USE ASSETS

	Leasehold lands HK\$'000	Leased properties HK\$'000	Total HK\$'000
At 1 January 2024	10,551	85	10,636
Depreciation	(496)	(81)	(577)
Impairment	(9,767)	—	(9,767)
Exchange differences	(126)	(4)	(130)
At 31 December 2024 and 1 January 2025	162	—	162
Addition	5,285	521	5,806
Depreciation	(46)	(15)	(61)
Impairment	—	(506)	(506)
Exchange differences	120	—	120
At 31 December 2025	5,521	—	5,521

Lease liabilities of approximately HK\$371,000 (2024: HK\$156,000) are recognised with related right-of-use assets of HK\$521,000 as at 31 December 2025 (2024: HK\$162,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as a security for borrowings purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. RIGHT-OF-USE ASSETS (Continued)

During the year, impairment losses of right-of-use assets attributed to the coal mining business segment amounted to approximately HK\$506,000 (2024: HK\$9,767,000) was recognized. The assessments by the management are disclosed in note 18 to the consolidated financial statements.

At 31 December 2025, the Group has not obtained the land use rights certificates for the buildings with carrying value of HK\$5,364,000 (2024: HK\$ Nil) which are located in the PRC.

	2025 HK\$'000	2024 HK\$'000
Depreciation expenses on right-of-use assets	61	577
Interest expense on lease liabilities (included in finance costs)	10	34
Expenses relating to short-term lease (included in cost of goods sold and administrative expenses)	2,022	1,222

Details of total cash outflow for leases are set out in note 39(b).

For both years, the Group leases various offices and factories for its operations. Lease contracts are entered into for fixed term of 3 to 13 years (2024: 2 to 13 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INTANGIBLE ASSETS

	Mining rights HK\$'000
Cost	
At 1 January 2024	329,979
Exchange differences	<u>(10,826)</u>
At 31 December 2024 and 1 January 2025	319,153
Exchange differences	<u>13,405</u>
At 31 December 2025	332,558
Accumulated amortisation and impairment losses	
At 1 January 2024	69,134
Amortisation for the year	10,111
Exchange differences	<u>(2,483)</u>
At 31 December 2024 and 1 January 2025	76,762
Amortisation for the year	10,091
Impairment loss	53,683
Exchange differences	<u>4,617</u>
At 31 December 2025	145,153
Carrying amount	
At 31 December 2025	187,405
At 31 December 2024	<u>242,391</u>

The Group's mining rights represent the rights for production and exploitation of a coal mine in Xinjiang, PRC. The major content of the coal mine is long-flame coal. The mining rights are stated at cost less accumulated amortisation and impairment losses over the estimated useful life. The remaining useful life of the mining rights is 28.84 years (2024: 29.84 years).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INTANGIBLE ASSETS (Continued)

In view of the decline in coal price and revisions to the Group's production plan, the Group performed a review of the recoverable amount of its mining rights in 2025. The directors of the Company carried out an impairment assessment and engaged an independent professional valuer to determine the recoverable amount of mining rights by treating them as a single cash generating unit ("CGU"). These assets are used in the Group's coal mining business segment.

The recoverable amount is determined based on fair value less cost of disposal ("FVLCD") calculation, using income approach, in particular, multi-period excess earnings method was adopted.

The FVLCD has been determined taking into account the appropriate discount rate. The discount rate had been determined based on the market comparable and a post-tax discount rate of 17% per annum was applied in measuring recoverable amount of the CGU.

The key assumptions used in recoverable amount calculation include the income growth rate of 1.8% per annum being applied for estimated revenue. The income growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates.

The fair value of the mining rights was estimated using unobservable market data to derive the projected future cash flows of the mining businesses over its economic useful life and is classified within level 3 of the fair value hierarchy.

As at 31 December 2025, the recoverable amount of the mining assets was HK\$187,405,000, which was lower than its carrying value of HK\$241,088,000, and hence an impairment loss of HK\$53,683,000 was recognised in the profit or loss.

21. FINANCIAL ASSETS AT FVTOCI

	2025 HK\$'000	2024 HK\$'000
Unlisted equity securities in the British Virgin Islands	—	—
9% redeemable preference shares	—	—
	—	—
	—	—

The carrying amounts of the Group's financial assets at FVTOCI were denominated in HK\$.

Equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Equity securities, at fair value Listed in Hong Kong	<u>13,056</u>	<u>11,399</u>

The carrying amounts of the above financial assets are classified as follows:

	2025 HK\$'000	2024 HK\$'000
Held for trading	<u>13,056</u>	<u>11,399</u>

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of listed securities are based on current bid prices.

23. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials, consumable goods and spare parts	388	169
Work in progress	478	314
Finished goods	<u>4,219</u>	<u>5,386</u>
	<u>5,085</u>	<u>5,869</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. TRADE AND BILLS RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	73,320	123,996
Allowance for doubtful debts	<u>(56,857)</u>	<u>(52,435)</u>
	16,463	71,561
Bills receivables	<u>3,947</u>	<u>4,627</u>
	<u>20,410</u>	<u>76,188</u>

The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers.

An ageing analysis of trade receivables, based on the invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0–30 days	10,324	20,670
31–60 days	3,204	2,510
61–90 days	153	331
91–365 days	11,350	58,340
Over 1 year	<u>48,289</u>	<u>42,145</u>
	<u>73,320</u>	<u>123,996</u>

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	3	429
RMB	16,864	74,012
US\$	<u>3,543</u>	<u>1,747</u>
	<u>20,410</u>	<u>76,188</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Utilities and other deposits	458	1,310
Prepayments	1,151	1,837
Other receivables (note (i))	148,448	205,549
	<u>150,057</u>	<u>208,696</u>

Notes:

- (i) Included in the other receivable, is an advance of approximately HK\$25,298,000 (net of an allowance of HK\$136,000) (2024: Nil) advanced to a business partner. The advance is non-interest bearing, secured by collateral of a 50% equity interest in another company held by the business partner and is repayable on 31 December 2026.

The carrying amounts of the Group's deposits, prepayments and other receivables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	136	940
RMB	149,661	207,496
US\$	260	260
	<u>150,057</u>	<u>208,696</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. BANK AND CASH BALANCES

As at 31 December 2025, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$44,604,000 (2024: HK\$65,593,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

27. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2025 HK\$'000	2024 HK\$'000
0–30 days	925	6,023
31–60 days	1,276	873
61–90 days	58	853
91–180 days	1,047	5,380
181–365 days	2,534	—
Over 365 days	4,139	509
	<u>9,979</u>	<u>13,638</u>

The carrying amounts of the Group's trade payables are denominated in RMB.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Accruals	64,367	226,627
Other payables	141,737	97,871
Amounts due to directors (note (i))	3,392	59,026
Amount due to a shareholder	56,985	—
Advance from third parties (note (ii))	12,786	30,271
Interest payables	4,915	16,619
Payables for mining rights (note (iii))	96,646	96,177
	<u>380,828</u>	<u>526,591</u>

	2025 HK\$'000	2024 HK\$'000
Analysed as:		
Current liabilities	288,268	433,841
Non-current liabilities	92,560	92,750
	<u>380,828</u>	<u>526,591</u>

Notes:

- (i) The amounts due to directors are unsecured, interest free and repayable on demand except for the balance of HK\$2,556,000 (equivalent to RMB2,305,000) (2024: Nil), which are unsecured, bearing interest rates of 24% per annum (2024: Nil) and repayable on the respective maturity dates in 2026.
- (ii) The advances from third parties are unsecured, bearing interest at rates ranging from 15% per annum to 24% per annum (2024: 15% to 24% per annum) and are repayable on their respective maturity dates in 2026 (2024: 2025).

As at 31 December 2024, balance included advances from the chief executive officer with principal amounts of HK\$14,694,000 (equivalent to RMB13,355,000), which are unsecured, bearing interest at rates ranging from 12% per annum to 24% per annum and were repayable on their respective maturity dates in 2025. During the year, the chief executive officer was appointed as an executive director of the Company and a balance of HK\$2,556,000 (equivalent to RMB2,305,000) was accordingly presented under amount due to directors as at 31 December 2025.

- (iii) The payables for mining rights represent the unpaid balances of the considerations for purchasing mining rights. According to the relevant purchase agreement, considerations are paid by 15 instalments from 2022 to 2036. The carrying amount is determined based on the present value of the future cash flows stated in the relevant purchase agreement using the effective interest rate of 14.46% per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Billings in advance of performance obligations:		
Sales of goods		
— Provision of supply chain management services for mineral business	404	387
— Mining and metallurgical machineries products	7	—
— Sales of coal	136,588	128,027
Provision of services		
— Corporate services business	68	30
— Trust and trustee services	—	303
— Rental services	—	203
	<u>137,067</u>	<u>128,950</u>

Contract liabilities represented the advance from customers for sales of goods and provision of services. The payment terms vary and depend on the terms of contracts. These advances are recognised as contract liabilities until the performance obligations are completed.

The increase in contract liabilities as at 31 December 2025 was mainly due to increase in the receipt of advance payment for sales of coal before the relevant performance obligations are fulfilled.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. CONTRACT LIABILITIES (Continued)

Movements in contract liabilities:

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of year	128,950	53,996
Increase in contract liabilities as a result of billing in advance	—	333
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(751,847)	(52,222)
Increase in contract liabilities as a result of advance payments received from customers	754,497	128,604
Exchange differences	5,467	(1,761)
Balance at end of year	<u>137,067</u>	<u>128,950</u>

30. BONDS PAYABLE

On 24 August 2018, the Company issued the straight bonds, with the principal amount of HK\$50,000,000 (the "Bonds"). The Bonds are unsecured, interest-bearing of 8% per annum and repayable on 23 August 2020.

During the year ended 31 December 2020, a supplementary agreement was entered by the Company and holder of the Bonds in which the repayment date of the Bonds was extended to 23 August 2021 and the interest rate had been increased from 8% per annum to 10% per annum.

The Company failed to repay the Bonds and the accrued interest on maturity which led to an event of default for the Bonds by the Company. The Company commenced negotiations with the holders of the Bonds and a deed of novation (the "First Deed") was entered on 29 June 2022 between the holder of the Bonds and the Company. Pursuant to the First Deed, the holder of the Bonds agreed to waive the claim of principal of HK\$3,200,000 and accrued interest of approximately HK\$16,778,000 so as to exchange the right and title of debts of approximately HK\$19,978,000 owed to the Company by a third party. Accordingly, the principal of the Bonds and accrued interest of HK\$3,200,000 and HK\$16,778,000 respectively were settled by offsetting the other receivables of the Group of HK\$19,978,000 during the year ended 31 December 2022.

On 28 November 2024, a deed of settlement (the "Second Deed") was entered between the holder of the Bonds and the Company. Pursuant to the Second Deed, the holder of the Bonds agreed to cease the accrual of interest in the Bonds effective from 1 January 2025 and fix the overall liability of the Bonds to be the total outstanding principal sum of HK\$46,800,000 plus accrued interest of HK\$11,750,000 up to 31 December 2024; and the Bonds would be repaid by the Company in eleven installments. The first ten installments of HK\$5,000,000 each are due on the last day of each month from December 2024 to September 2025 and the final installment of HK\$8,550,000 is due on 31 October 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. BONDS PAYABLE (Continued)

The Company has settled the first installment of the Bonds on 16 January 2025 and partial repayment was made on 11 August 2025 but failed to repay the remaining installment on time that have led to an event of default in accordance with the Second Deed.

The Company continues the negotiations with the holder of the Bonds to extend the repayment date of the Bonds and accrued interest and the negotiations have not yet been concluded as at the date of this report.

31. OTHER FINANCIAL LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Financial liabilities at FVTPL	<u>3,013</u>	<u>15,671</u>
Analysed as:		
Current liabilities	<u>3,013</u>	<u>15,671</u>

On 18 April 2018 and 28 January 2019, the Group entered into agreements with a third party to forward sell financial assets at FVTPL at considerations of approximately HK\$30,000,000 (the "Shares A") and HK\$13,000,000 (the "Shares B") respectively. The completion dates of the transactions to take place on dates falling 2 years from the dates of signing the agreements. The Group also granted options to the third party to sell back the Shares A and the Shares B at prices of HK\$3.41 per share and HK\$2.80 per share by amounts of approximately HK\$33,000,000 and HK\$15,079,000 respectively to the Group on the completion dates of the transactions.

The completion dates of the transactions for Shares A and Shares B expired on 18 April 2024 and 27 January 2025 respectively. As at 31 December 2025, the settlements in respect of these transactions has not been completed and the carrying amount represents the fair value of Shares A and Shares B at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	206	136	176	125
In the second to fifth years, inclusive	210	37	195	31
Over 5 years	—	—	—	—
	<u>416</u>	<u>173</u>	<u>371</u>	<u>156</u>
Less: Future finance charges	(45)	(17)	N/A	N/A
Present value of lease obligations	<u>371</u>	<u>156</u>	<u>371</u>	<u>156</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			(176)	(125)
Amount due for settlement after 12 months			<u>195</u>	<u>31</u>

The incremental borrowing rates applied to lease liabilities are ranging from 7.45% to 20.82% (2024: 12.96% to 20.82%).

The Group's lease liabilities are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	—	115
US\$	29	41
RMB	<u>342</u>	<u>—</u>
	<u>371</u>	<u>156</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised by the Group.

Deferred tax assets:

	Financial assets at FVTPL HK\$'000
At 1 January 2024	8,522
Credit to profit or loss for the year (<i>note 12</i>)	<u>714</u>
At 31 December 2024 and 1 January 2025	9,236
Credit to profit or loss for the year (<i>note 12</i>)	<u>(649)</u>
At 31 December 2025	<u>8,587</u>

Deferred tax liabilities:

	Fair value adjustment of mining rights HK\$'000
At 1 January 2024	(22,254)
Credit to profit or loss for the year (<i>note 12</i>)	2,465
Exchange differences	<u>678</u>
At 31 December 2024 and 1 January 2025	(19,111)
Credit to profit or loss for the year (<i>note 12</i>)	15,881
Exchange differences	<u>(456)</u>
At 31 December 2025	<u>(3,686)</u>

At the end of the reporting period, the Group has unused tax losses of approximately HK\$475,217,000 (2024: HK\$308,188,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$3,025,000, HK\$3,746,000, HK\$31,699,000, HK\$125,039,000 and HK\$3,473,000 that will expire in 2026, 2027, 2028, 2029 and 2030 (2024: HK\$2,221,000, HK\$2,903,000, HK\$5,226,000, HK\$30,421,000 and HK\$12,681,000 that will expire in 2025, 2026, 2027, 2028 and 2029) respectively. Remaining tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>5,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.1 each		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>583,416</u>	<u>58,342</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the shareholders equity ratio. This ratio is calculated as total share equity divided by total asset. Total share equity comprises share capital, retained profits and other reserves.

The only externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2025, 57.28% (2024: 57.28%) of the shares were in public hands.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investments in subsidiaries		10	1,000
Deferred tax assets		8,587	9,236
		<u>8,597</u>	<u>10,236</u>
Current assets			
Financial assets at FVTPL		13,056	11,399
Deposits, prepayments and other receivables		49	157
Amounts due from subsidiaries		339	225
Deposits in a licensed corporation		28,233	24,619
Bank and cash balances		633	913
		<u>42,310</u>	<u>37,313</u>
Current liabilities			
Other payables and accruals		69,726	22,817
Amounts due to subsidiaries		8,228	8,127
Amounts due to a director		—	52,962
Bonds payable		46,800	46,800
Other financial liabilities		3,013	15,671
		<u>127,767</u>	<u>146,377</u>
Net current liabilities		<u>(85,457)</u>	<u>(109,064)</u>
Total assets less current liabilities		<u>(76,860)</u>	<u>(98,828)</u>
NET LIABILITIES		<u>(76,860)</u>	<u>(98,828)</u>
CAPITAL AND RESERVES			
Share capital		58,342	58,342
Reserves	35(b)	(135,202)	(157,170)
CAPITAL DEFICIENCY		<u>(76,860)</u>	<u>(98,828)</u>

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

CHEN Chun Long

CHING Ho Tung Philip

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium <i>(note 36(b)(i))</i> HK\$'000	Shares held under share award scheme <i>(note 37)</i> HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	1,361,910	(3,371)	(1,528,920)	(170,381)
Profit for the year	—	—	13,211	13,211
At 31 December 2024 and 1 January 2025	1,361,910	(3,371)	(1,515,709)	(157,170)
Profit for the year	—	—	21,968	21,968
At 31 December 2025	1,361,910	(3,371)	(1,493,741)	(135,202)

36. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(c) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(iii) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(k) to the consolidated financial statements.

37. SHARE-BASED PAYMENTS

(a) Share award schemes

On 14 June 2016, the Company adopted a share award scheme (the "Share Award Scheme") under which shares of the Company may be awarded to selected employees (including without limitation any directors) of any members of the Group pursuant to the terms of the scheme rules and trust deed of the Share Award Scheme. The purpose of the Share Award Scheme are (i) to recognise the contributions by certain employees of any members of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, shall be valid and effective for a term of 5 years commencing from the date of the Share Award Scheme.

The Share Award Scheme was expired on 13 June 2021. There were approximately 13,610,000 (2024: 13,610,000) shares held under the Share Award Scheme amounting to approximately HK\$3,371,000 (2024: HK\$3,371,000) as at 31 December 2025.

On 14 July 2023, a new share award scheme ("New Share Award Scheme") was adopted by the Company. The Company is in the process of transferring the shares in the Share Award Scheme to the New Share Award Scheme.

The purpose of the New Share Award Scheme is to recognise the contribution or future contribution of the directors and full-time or part-time employees or any members of the Group for their contribution to the Group, and provide the eligible participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the eligible participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Shares of the Company awarded under the New Share Award Scheme will not result in aggregate exceeding 10% of the issued share capital of the Company in number from time to time. The maximum aggregate shares of the Company awarded under the New Share Award Scheme in the twelve-month period up to and including the date of such award shall not exceed 1% of the issued share capital of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award schemes *(Continued)*

Subject to the terms of the New Share Award Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the New Share Award Scheme to offer the grant of a awarded shares to any eligible participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of awarded shares as the Board may determine.

The minimum vesting period in respect of any awarded shares is twelve months, and the Board or the remuneration committee or the committee (if authorised by the Board) shall have the authority to determine a shorter vesting period in accordance with the terms and conditions of the scheme rules.

The New Share Award Scheme shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033. For details of the New Share Award Scheme, please refer to the Company's circular dated 21 June 2023.

No awarded shares was granted under the New Share Award Scheme during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme

On 14 July 2023, the Company adopted a share option scheme (the "Share Option Scheme").

The purpose of the Share Option Scheme is to recognise the contribution or future contribution of the directors and full-time or part-time employees or any members of the Group for their contribution to the Group, and provide the eligible participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the eligible participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

No share options may be granted to any person such that the total number of shares issued and to be issued upon exercise of share options and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of share options in excess of the 1% Individual Limit is subject to shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of share options to a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted (excluding share options lapsed in accordance with the scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of share options is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the Share Option Scheme to offer the grant of a share option to any eligible participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may (subject to the terms of the Share Option Scheme) determine.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme *(Continued)*

The exercise of any share option may be subject to a vesting period to be determined by the Board in its absolute discretion. In any event, the vesting period for a share option under the Share Option Scheme shall not be less than 12 months, except that the share options granted to eligible participants may be less than 12 months under the following specific circumstances.

- (a) grants of make-whole share options to eligible participants who newly joined the Group to replace the share options or awards they forfeited when leaving the previous employer;
- (b) grants of share options with specific and objective performance-based vesting conditions provided in the rules of the Share Option Scheme;
- (c) grants that are made in batches during a year for administrative or compliance reasons (which may include share options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which a share option would have been granted);
- (d) grants of share options with a mixed or accelerated vesting schedule such as where the share option may vest evenly over a period of twelve months; and
- (e) grants of share options with a total vesting and holding period of more than twelve months.

The exercise price shall be a price determined by the Board and notified to a eligible participant and shall be at least the higher of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and
- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date.

The Share Option Scheme shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033. For details of the Share Option Scheme, please refer to the Company's circular dated 21 June 2023.

No share was granted under Share Option Scheme during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. SUBSIDIARIES

Particulars of subsidiaries as at 31 December 2025 are as follows:

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
Kaisun Energy Group Limited	British Virgin Islands, limited liability company	US\$1 Ordinary	100%	100%	—	Investment holding
Kaisun Business Solutions Limited	British Virgin Islands, limited liability company	US\$1 Ordinary	100%	100%	—	Investment holding
Kaisun Energy Management Limited	British Virgin Islands, limited liability company	US\$1 Ordinary	100%	100%	—	Investment holding
KEG Corporate Services Limited	Hong Kong, limited liability company	HK\$10,000 Ordinary	100%	100%	—	Provision of corporate services
Kaisun Business Solution (HK) Limited	Hong Kong, limited liability company	HK\$100 Ordinary	100%	—	100%	Provision of consulting services
Kaisun Energy Managers Limited	British Virgin Islands, limited liability company	US\$1 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Corporation	Anguilla, limited liability company	US\$1 Ordinary	100%	—	100%	Investment holding
World Dynasty Holdings Limited	British Virgin Islands, limited liability company	US\$10,000 Ordinary	100%	—	100%	Investment holding
Pineapple Media Limited	British Virgin Islands, limited liability company	717,954 Ordinary shares of US\$1 each	100%	—	100%	Investment holding
Anway Enterprises Limited	British Virgin Islands, limited liability company	US\$1 Ordinary	100%	—	100%	Investment holding
Goodstar Development Limited	British Virgin Islands, limited liability company	US\$1 Ordinary	100%	—	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
Wealth Platinum Limited	British Virgin Islands, limited liability company	US\$1 Ordinary	100%	—	100%	Investment holding
Kaisun Esports Limited	British Virgin Islands, limited liability company	US\$1 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Managers (Cayman Islands) Limited	Cayman Islands, limited liability company	US\$1 Ordinary	100%	—	100%	Not yet commenced business
新疆凱運國際貿易 有限公司	PRC, limited liability company	Registered and paid up capital RMB10,000,000	100%	—	100%	Provision of supply chain management services
深圳凱順鴻欣貿易 有限公司	PRC, limited liability company	Registered and paid up capital RMB500,000	100%	—	100%	Provision of supply chain management services
滕州凱源實業有限公司	PRC, limited liability company	Registered capital HK\$100,000,000 Paid up capital HK\$32,098,768	100% (2024: 88.70%)	—	100%	Manufacturing of coal mining related equipment
山東凱萊能源物流 有限公司	PRC, limited liability company	Registered capital HK\$200,000,000 Paid up capital HK\$117,068,530	79.95%	—	79.95%	Provision of supply chain management services
新疆吐魯番星亮礦業 有限公司	PRC, limited liability company	Registered capital RMB100,000,000 Paid up capital RMB42,350,000	79.95%	—	100%	Production and exploitation of coal and coal processing
山東順江能源貿易 有限公司	PRC, limited liability company	Registered capital RMB50,000,000 Paid up capital RMB5,336,000	42.49%	—	53.15%	Not yet commenced business
People's Communication & Consultant Company Limited	Hong Kong, limited liability company	HK\$2,862,010 Ordinary	100%	—	100%	Advertising & public relationship event
Evoloop Limited	Hong Kong, limited liability company	HK\$10,008,941 Ordinary	59.57%	—	59.57%	Organizing E-Sport events

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
Girlgamer Limited	Hong Kong, limited liability company	HK\$10,000 Ordinary	59.57%	—	100%	Organizing E-Sport events
Kaisun Energy Logistic Limited	Hong Kong, limited liability company	HK\$10,000 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Equipment Limited	Hong Kong, limited liability company	HK\$10,000 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Trading Limited	Hong Kong, limited liability company	HK\$10,000 Ordinary	100%	—	100%	Provision of supply chain management
Kaisun Consulting Limited	Hong Kong, limited liability company	HK\$3,000,000 Ordinary	100%	—	100%	Provision of consulting services
Double Up Group Limited	Samoa, limited liability company	US\$100 Ordinary	100%	—	100%	Investment holding
Khos Khulug LLC	Mongolia, limited liability company	MNT200,562,000 Ordinary	100%	—	100%	Construction and operation of a railway logistic platform
Choir Logistic Service LLC	Mongolia, limited liability company	MNT196,676,000 Ordinary	100%	—	100%	Construction and operation of a railway logistic platform

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. SUBSIDIARIES (Continued)

The following tables show information of subsidiaries that have non-controlling interests (“NCI”) material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	新疆吐魯番星亮礦業有限公司	
	2025	2024
Principal place of business and country of incorporation	PRC	
% of ownership interests and voting rights held by NCI	20.05%	20.05%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	242,361	330,259
Current assets	256,433	355,611
Non-current liabilities	(96,246)	(111,861)
Current liabilities	(293,691)	(427,191)
Net assets	108,857	146,818
Accumulated NCI	21,826	29,437
Year ended 31 December:		
Revenue	931,141	1,021,810
(Loss)/profit for the year	(43,184)	60,823
Total comprehensive income	(43,184)	60,823
(Loss)/profit allocated to NCI	(8,658)	12,195
Dividends paid to NCI	—	—
Net cash generated from operating activities	48,713	127,610
Net cash used in investing activities	(53,495)	(65,520)
Net cash used in financing activities	(18,709)	—
Effect on foreign exchange rate changes	3,854	(1,652)
Net (decrease)/increase in cash and cash equivalents	(19,637)	60,438

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. SUBSIDIARIES (Continued)

	山東凱萊能源物流有限公司	
	2025	2024
Principal place of business and country of incorporation		PRC
% of ownership interests and voting rights held by NCI	20.05%	20.05%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	50,107	64,650
Current assets	32,835	18,924
Current liabilities	(39,813)	(44,575)
Net assets	43,129	38,999
Accumulated NCI	8,647	7,819
Year ended 31 December:		
Revenue	19,160	75,930
Profit/(loss) for the year	2,439	(44,130)
Total comprehensive income	2,439	(44,130)
Profit/(loss) allocated to NCI	489	(8,848)
Dividends paid to NCI	—	—
Net cash generated from/(used in) operating activities	3,026	(748)
Net cash used in investing activities	(97)	(453)
Net cash used in financing activities	(4,334)	—
Effect on foreign exchange rate changes	29	(62)
Net decrease in cash and cash equivalents	(1,376)	(1,263)

As at 31 December 2025, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK\$44,603,000 (2024: HK\$65,591,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of subsidiaries

In October 2025, the Group disposed of its entire interests in Lyttelton Road Trust Limited (formerly known as "Kaisun Trust & Trustee Services Company Limited"), Lyttelton Road Corporate Services Limited (formerly known as "Kaisun Trust and Corporate Services Limited") and other insignificant subsidiaries (collectively the "Trust and Trustee Companies") to a shareholder of the Company for an aggregate consideration of approximately HK\$2,328,000. The Trust and Trustee Companies were mainly involved in provision of trust and trustee services.

The net assets of Trust and Trustee Companies at the date of disposal were as follows:

	Total HK\$'000
Trade receivables	178
Deposits, prepayments and other receivables	4,730
Bank and cash balances	2,310
Trade and other payables	(6,172)
Contract liabilities	(33)
Current tax liabilities	(29)
	<hr/>
Net assets disposed of:	984
Gain on disposal of subsidiaries	1,344
	<hr/>
Total consideration — satisfied by cash	2,328
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration received	2,328
Cash and cash equivalents disposed of	(2,310)
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

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

	1 January 2025 HK\$'000	Addition of lease liabilities HK\$'000	Cash flows HK\$'000	Reclassification HK\$'000	Interest expenses HK\$'000	Exchange difference HK\$'000	31 December 2025 HK\$'000
Lease liabilities	156	521	(321)	—	10	5	371
Advance from third parties	30,271	—	(16,105)	(2,556)	—	1,176	12,786
	<u>30,427</u>	<u>521</u>	<u>(16,426)</u>	<u>(2,556)</u>	<u>10</u>	<u>1,181</u>	<u>13,157</u>

	1 January 2024 HK\$'000	Cash flows HK\$'000	Interest expenses HK\$'000	Exchange difference HK\$'000	31 December 2024 HK\$'000
Lease liabilities	342	(220)	34	—	156
Advance from third parties	35,930	(4,577)	—	(1,082)	30,271
	<u>36,272</u>	<u>(4,797)</u>	<u>34</u>	<u>(1,082)</u>	<u>30,427</u>

(c) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2025 HK\$'000	2024 HK\$'000
Within operating cash flows	2,032	1,256
Within financing cash flows	311	186
	<u>2,343</u>	<u>1,442</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases (Continued)

These amounts relate to the following:

	2025 HK\$'000	2024 HK\$'000
Lease rental paid	<u>2,343</u>	<u>1,442</u>

(d) Major non-cash transaction

- (i) During the year, addition of property, plant and equipment amounted to approximately HK\$768,000 (2024: Nil) was transferred from deposits paid for acquisition of property, plant and equipment.
- (ii) During the year, addition of right-of-use assets amounted to approximately HK\$5,285,000 (2024: Nil) was transferred from deposits paid for acquisition of property, plant and equipment.
- (iii) Additions to right-of-use assets during the year of approximately HK\$521,000 (2024: Nil) was financed by leases liabilities.

40. CONTINGENT LIABILITIES

At 31 December 2025, the Group did not have any significant contingent liabilities (2024: Nil).

41. COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2025 HK\$'000	2024 HK\$'000
Capital contributions to subsidiaries	203,914	200,302
Capital expenditures for property, plant and equipment	9,890	9,124
Acquisition of equity investments	<u>21,014</u>	<u>—</u>
	<u>234,818</u>	<u>209,426</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for motor vehicles, staff quarter and office premises. 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 in note 19.

The Group as lessor

Operating leases relate to leasehold land owned by the Group with lease terms of 1 to 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the leasehold land at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within year 1	466	660
In the second year	466	660
In the third year	466	660
In the fourth year	466	660
In the fifth year	233	447
After five years	—	223
Total	2,097	3,310

The following table presents the amounts reported in profit or loss:

	2025 HK\$'000	2024 HK\$'000
Lease income on operating leases	720	963

43. SEGMENT INFORMATION

IFRS 8 requires segmental disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purpose of assessing segmental performance and making decisions about operating matters.

The Group has three reportable segments namely coal mining business segment, consulting and media service business segment and corporate and investment business segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SEGMENT INFORMATION (Continued)

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

Information about operating segment profit or loss, assets and liabilities:

	Coal mining business segment HK\$'000	Consulting and media service business segment HK\$'000	Corporate and investment business segment HK\$'000	Total HK\$'000
Year ended 31 December 2025				
Revenue from external customers	964,506	5,222	203	969,931
Segment (loss)/profit	(57,377)	98	5,124	(52,155)
Interest revenue	41	—	49	90
Interest expenses	16,454	4	—	16,458
Depreciation and amortisation	61,036	1	—	61,037
Income tax expense/(credit)	(23,855)	22	649	(23,184)
Other material items of income and expense:				
Staff costs	22,622	1,862	7,294	31,778
Other material non-cash items:				
Impairment loss on intangible assets	53,683	—	—	53,683
Reversal of impairment loss on trade and other receivables	(1,034)	(162)	(137)	(1,333)
Impairment loss on property, plant and equipment	4,025	—	—	4,025
Impairment loss on right-of-use assets	506	—	—	506
Gain on disposal of subsidiaries	—	—	(1,344)	(1,344)
Additions to segment non-current assets	19,385	—	—	19,385
As at 31 December 2025				
Segment assets	461,689	58	50,899	512,646
Segment liabilities	444,531	1,375	136,377	582,283

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SEGMENT INFORMATION (Continued)

Information about operating segment profit or loss, assets and liabilities: (Continued)

	Coal mining business segment HK\$'000	Consulting and media service business segment HK\$'000	Corporate and investment business segment HK\$'000	Total HK\$'000
Year ended 31 December 2024				
Revenue from external customers	1,104,180	8,090	13	1,112,283
Segment profit/(loss)	8,155	(1,428)	4,666	11,393
Interest revenue	179	2	616	797
Interest expenses	16,744	24	4,681	21,449
Depreciation and amortisation	14,513	1	—	14,514
Income tax expense/(credit)	5,198	8	(2,178)	3,028
Other material items of income and expense:				
Staff costs	19,690	2,044	9,124	30,858
Other material non-cash items:				
Impairment loss on trade and other receivables	21,387	135	26	21,548
Impairment loss on property, plant and equipment	13,036	—	—	13,036
Impairment loss on right-of-use assets	9,767	—	—	9,767
Additions to segment non-current assets	67,232	—	—	67,232
As at 31 December 2024				
Segment assets	691,801	2,518	46,676	740,995
Segment liabilities	598,206	2,785	157,953	758,944

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SEGMENT INFORMATION (Continued)

Reconciliations of segment assets and liabilities:

	2025 HK\$'000	2024 HK\$'000
Assets		
Total assets of reportable segments	512,646	740,995
Consolidated total assets	512,646	740,995
Liabilities		
Total liabilities of reportable segments	582,283	758,944
Consolidated total liabilities	582,283	758,944

Geographical information:

The Group's information about its non-current assets (excluding financial assets at FVTOCI and deferred tax assets) by location of assets are detailed below:

Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	—	1
Mongolia	15,567	17,816
PRC except Hong Kong	223,740	316,395
Consolidated total	239,307	334,212

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. SEGMENT INFORMATION (Continued)

Revenue from major customers:

	2025 HK\$'000	2024 HK\$'000
Coal mining business segment		
Customer a	153,069	175,188
Customer b (note ii)	113,230	N/A
Customer c (note i)	N/A	150,549
Customer d	96,292	142,470

- (i) Customer c did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2025.
- (ii) Customer b did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2024.

44. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year.

- (a) For the year ended 31 December 2025, interest expenses of HK\$2,779,000 (2024: HK\$2,571,000) was paid to a director (2024: executive officer) of the Company;
- (b) For the year ended 31 December 2025, short-term lease expenses of HK\$360,000 (2024: HK\$360,000) was paid to a shareholder of the Company (2024: related company of the Group, in which a director of the Company is a key management personnel of the related company);
- (c) During the year ended 31 December 2025, the Group disposed of its entire interests in Trust and Trustee Companies to a shareholder of the Company at a consideration of approximately HK\$2,328,000 as disclosed in note 39(a) to the consolidated financial statements. The consideration was settled by offsetting amounts due by the Group of the shareholder. The gain on disposal of approximately HK\$1,344,000 arising from the transaction has been recognised in the consolidated statement of profit or loss for the year;
- (d) During the year ended 31 December 2025, consulting fee of approximately HK\$1,943,000 (2024: HK\$Nil) was paid to a shareholder of the Company; and
- (e) The details of the remuneration paid to the key management personnel are set out in note 15 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

45. COMPARATIVE INFORMATION

During the year ended 31 December 2025, the Group undertook a review of its consolidated statement of cash flows to ensure the classification of cash flows most appropriately reflects the nature of the underlying transactions. As a result, certain comparative figures for the year ended 31 December 2024 have been reclassified to conform with the current year's presentation, including the settlement of the payables for mining rights, advance from and repayment of advance from third parties. These reclassifications have no impact on the net increase or decrease in cash and cash equivalents, nor do they affect the consolidated statement of financial position or the consolidated statement of profit or loss.