Ficus Technology Holdings Limited
細葉榕科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8107)

SUPPLEMENTAL ANNOUNCEMENT
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to the annual report of Ficus Technology Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2024 published on 31 March 2025 (the "**Annual Report**"). Capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report, unless the context requires otherwise.

In addition to the information contained in the Annual Report, the board (the "**Board**") of directors of the Company would like to provide the following supplementary information to the shareholders and potential investors of the Company.

REASONS LEADING TO THE SIGNIFICANT DECREASE IN REVENUE FOR FY2024

As disclosed in the Annual Report of the Group, the Group experienced a substantial decline in revenue for FY2024, primarily due to: (i) the loss of purchase orders from some of the major apparel clients; (ii) the adoption by the Company of a more financially prudent approach focusing on more credit-worthy customers to mitigate risks of invoice defaults; (iii) the intention of the Group to focus on expanding its business in the PRC and Hong Kong while also developing its business in the Innovative SCM Solutions segment; and (iv) the Group has undergone two major transitions involving changes in shareholder structure and board compositions

The main cause for the substantial decline in revenue was the loss of purchasing orders from existing apparel customers mainly related to the substantial change in management team. It should be noted that the Group has also undergone two major transitions involving changes in majority shareholders and substantial changes in board compositions that occurred between and around July 2023 and August 2024, and together with corporate identity rebranding encompassing changes in company name, company logo and company domain of website. While retaining its focus on Apparel SCM development, these changes were necessary to re-position the Group for long-term growth. Besides, they are accompanied by a period of strategic reviews, operational realignments and efforts on client rebuilding, thus temporarily affecting the Company's performance. Among the strategic reviews and on the background of an increasing aging of the Group's receivables, the Company has adopted a more financially prudent approach focusing on more credit-worthy customers to mitigate risks of invoice defaults which further impacted short-term revenue but preserved long-term financial health.

During these transitions, the Company faced unforeseen capital market headwinds that hindered funding activities and was only able to achieve two partial allocations in the three placements between November 2023 and November 2024 and have had negatively affected the momentum of the development. However, with the recently stabilized board composition, the Company has secured the necessary capital and the management focus to implement its business strategy in the long run.

The Company acknowledges the decline was a temporary consequence of these extraordinary events and transitional phases. Given the time needed for business efforts to gain traction, the Company is confident that the Apparel SCM segment will resume revenue growth in FY2025, while reducing dependency on a historically concentrated client structure.

BUSINESS MODEL AND BUSINESS DIRECTIONS

The Group is an integrated supply chain management service provider that delivers end-to-end customized solutions to clients, empowers them to stay focused on core strategic initiatives such as brand development, retail management and to adapt to the dynamics of the fast-evolving and competitive market. The business comprises two synergistic segments unified under an operational framework.

Apparel SCM Segment

The Apparel SCM segment serves as the core and foundation of the Group, offering vertically integrated solutions for apparel clients including apparel brand owners and manufacturers that utilize the Group's assistance in their supply chain cycle to enhance their operation or to reduce its complexity. These encompass comprehensive services ranging from market analysis, product design, raw material procurement, supplier sourcing, production oversight, quality control, intermediary services, trade facilitation, order fulfillment and logistics coordination. Revenue is generated through service fees yielding commission-based income or margins from procurement or resale activities by the provision of supply chain management services that significantly reduce their operational complexity for clients seeking streamlined supply chain support.

Innovative SCM ("ISCM") Segment

Building upon its core apparel supply chain management expertise, the Group's Innovative SCM ("**ISCM**") segment has developed and integrated advanced technological solutions to enhance traditional supply chain processes. The ISCM segment integrates technology-driven value-added services such as anti-counterfeiting protection, product traceability systems, and interactive marketing solutions with traditional supply chain services, supporting both apparel and non-apparel sectors. This expansion, which could generate higher gross profit margins while broadening the Group's offerings and revenue potential, incorporates specialized e-commerce solutions, providing end-to-end support for digital platforms through services such as product curation, order fulfillment, and transaction processing.

These innovative services not only strengthen and differentiate the Group's competitive position in the apparel sector but also create opportunities for expansion into non-apparel product categories.

From Apparel SCM to ISCM

Following strategic repositioning initiated in the second half of 2023, the ISCM segment represents a natural evolution of the Group's core apparel SCM business. Originating as a specialized apparel supply chain manager providing vertically integrated solutions, the Group initiated ISCM to address market shifts toward e-commerce, fast fashion, and demands for digital solutions with high transparency. The ISCM segment naturally extends the logistics management capabilities, enabling both technological enhancement of apparel supply chain services and expansion into non-apparel sectors while maintaining operational synergies.

Business Directions

Concurrently, the Group maintains focus on synergistic growth across its Apparel SCM and ISCM segments while implementing resource reallocation toward PRC and Hong Kong markets, expanding operational footprint, service capacity and market presence. This involves adjusting workforce distribution between Hong Kong and PRC operations, staff redistribution, preparation for new office establishment, and active pursuit of new business leads in both segments. For the Apparel SCM segment, capital will enhance operational capabilities including logistics coordination, intermediary services matching buyers/suppliers, sourcing, raw materials procurement, and trade facilitation, while expanding core teams to improve PRC client proximity. The Group targets small-to-medium enterprise (SME) apparel brands and sportswear clients in PRC and Hong Kong, establishing a diversified client acquisition framework through PRC/Hong Kong market development.

Simultaneously, the Group prioritizes expanding Innovative SCM Solutions in PRC and Hong Kong markets, which could generate higher gross profit margins while broadening service offerings and revenue potential across diverse products.

Latest Development

As of this announcement, the Company is working with several SME apparel brands in PRC and has entered into a Memorandum of Understanding with a Shanghai-based SME apparel brand for raw material procurement, product development, and SCM services, with an anticipated RMB3 million to RMB5 million in monthly revenue generated for the Group.

Regarding the strategic cooperation agreement with a subsidiary of China Supply and Trade Group Co., Ltd. that was announced on 29 August 2024 and disclosed in 2024 Annual Report, the Group has since then has optimized the collaborative framework related to the 832 supply chain cycle, with details announced on 14 January 2025. The renewed structure incorporates an extended contractual term, expanded operational scope, and a concrete revenue-sharing model. The management of the Group has further discussed the implementation with our business partner over recent months to operationalize synergies between the 832 Platform and in the supply chain cycle of the 832 Platform and its ecosystem, to facilitate buyers and suppliers by providing intermediary services and broaden sales channels of the 832 products.

In addition, for revenue generated from non-apparel products based on ISCM services, the Company's logistics management services are catered to facilitate trade transaction for both suppliers and purchasers on the 832 Platform. Through Innovative SCM solution that digitally integrated with the 832 platform, the Company serves as service intermediary, assisting clients on both supply and demand sides increase transaction volumes while streamlining their operations. Recent business developments have revealed potential transactions with identified volumes that could generate HK$10 to 20 million in revenue for the Company by FY2025 year-end, subject to working capital availability, under a procurement & resale model earning a gross margin on the transactions.

Construction Materials Segment

The Group maintains a conservative approach towards its construction materials segment, with no material investments or significant business development initiatives planned. Management's focus remains firmly on developing the core Apparel SCM business and expanding the ISCM service offerings.

IMPAIRMENT LOSS ON INTANGIBLE ASSET

As disclosed in the Annual Report, as at 31 December 2024, the Group recognised impairment loss on intangible asset of approximately HK$2,583,000 which was charged to profit or loss for the year ended 31 December 2024 to reduce the carrying amounts of the Group's intangible assets to their recoverable amounts as nil.

The intangible assets recorded on the book was related to two trademarks registered in European Union (specifically "**GC Fontana**" and "**FC Fontana Cashmere**", together as the "**Trademarks**") that are held by the Group for apparel and related products with the provision of SCM services business mainly for the European markets.

Reasons and circumstances leading to the impairment

During audit of financial year 2024, the management of the Group reviewed the outlook of the businesses and conducted impairment assessment on the Trademarks by appointing an independent professional qualified valuer, AP Appraisal Limited ("**APA**") who adopted the income approach to assess the value of the Trademarks. Some of the key assumptions of the valuation was that (i) the projected sale of apparel products under the two trademarks for the coming five year will be nil which was based on the historical sale of apparel products under the two trademarks has declined to nil in between 1 January 2024 and 31 December 2024; (ii) the Company will not produce new products under the two trademarks; and (iii) the Company could not sell the Trademarks due to lack of revenue, profit and market value. For more details of the substantial decline in revenue from the sale of apparel products, refer to the section "REASONS LEADING TO THE SIGNIFICANT DECREASE IN REVENUE FOR FY2024". Presently the Group does not have any concrete plan on the future development of apparel or related products that utilize the Trademarks nor any plan on the development of apparel or related products in the European markets in the near term. Refer to the section "BUSINESS MODEL AND BUSINESS DIRECTIONS" for the Group's business directions and its geographic focus. Based on the impairment assessment made by APA, as the estimated recoverable amounts were lower than the aggregate carrying amounts of the Trademarks, impairment losses were recognized. As compared to the previous financial year of 2023, the methodology used in calculating the book value of the said intangible assets was based on its initial acquisition cost of HK$10,000,000 on 29 July 2017 with amortization on a straight-line basis over a period of 10 years.

Key Parameters

In addition to the above, below are some of the other key parameters in relation to the valuation:

Parameter	**Value**	**Source**
Profit Tax	16.5% of profit before tax	Inland Revenue Department of the Government of the Hong Kong Special Administrative Region of the People's Republic of China
Required Rate of Return for contributory asset charges ("**CAC**") — Working Capital	4.0%	After tax cost of borrowing (5 year borrowing rate in Hong Kong) as of Valuation Date
Required Rate of Return for CAC — Fixed Assets	10.0%	50% on cost of borrowing (5 year borrowing rate in the PRC) + 50% on cost of equity (Derived from capital asset pricing model ("**CAPM**")) as of Valuation Date
Required Rate of Return for CAC — Assembled Workforce	14.0%	Weighted average cost of capital ("**WACC**") derived from CAPM
Useful Life	5 years	Information and forecast provided by the management

On a prudent basis, the Board concurred with the independent valuer's key assumption of no future sales for apparel products under the two relevant trademarks as this reflects the Company's lack of a definite intention to further develop these products. Furthermore, the Company's geographical focus is shifting towards the PRC and Hong Kong markets, contrasting with the European Union registration base of the Trademarks. The Board considers the valuer's assumptions and conclusions, and consequently the resulting impairment loss, to be reasonable and fair. This treatment is consistent with the disclosure in the Annual Report that an intangible asset is derecognized when no future economic benefits are expected from its use.

APA principal business is the provision of domestic and international valuation and consultancy services, such as valuation of equity, intangible assets, financial instruments, machinery and equipment, biological assets. APA's team contains appraisers that are registered surveyor of Royal Institution of Chartered Surveyor of United Kingdom, accredited senior appraiser of American Society of Appraiser of United States and appraisers of other international valuation institutes. APA is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

IMPAIRMENT LOSS ON INVESTMENT PROPERTY

As at 31 December 2024, the Group recognised impairment losses on the investment properties amounted to approximately HK$7.31 million with the relevant investment properties located at Workshop 1, 2, 3, 5, 6 & 7 on 3rd Floor, China United Plaza, No. 1008 Tai Nan West Street, Kowloon (the "**Premises**") that are held to earn rental income during the financial year 2024.

Reasons and circumstances leading to the impairment

During the year ended 31 December 2024, the Premises were reclassified from property, plant and equipment to investment properties as there was a change in use from the Group's own use to earning rentals. The Group leases out the Premises under operating leases with the leases typically run for an initial period of 2 years payable monthly.

The impairment loss from investment property was mainly due to the existence of impairment indicator due to a substantial reduction in property price during the year ended 31 December 2024.

Basis and approach of impairment assessment

The Group appointed an independent professional qualified valuer, Stern Appraisal Limited ("**Stern**"), to perform impairment assessment to the Premises. Stern assesses the value in use of the investment properties by income approach, which discounted the rental income to present value and compared to the fair value estimated by market approach, using comparable market value of similar types of properties. The Group applied the income approach to the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use of its investment properties. As the recoverable amount was lower than the aggregate carrying amounts of the investment properties, an impairment loss was recognised. Income approach is used by capitalising the net rental incomes derived from the existing tenancies with due provision for any reversionary potential of the subject property at an appropriate capitalisation rate. It is a commonly acceptable and adopted method for rental income generating properties when rental comparables transactions are available in the market. In determining the market rent, Stern Appraisal has mainly made reference to lettings within the subject property as well as other relevant comparable rental evidences of properties of similar use type subject to appropriate adjustments. The capitalisation rate is based on analyses of the yields of properties of similar use type after due adjustments. Such capitalisation rate is estimated by reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the property, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The valuer has also cross-checked our valuations by making reference to comparable sales evidence as available in the relevant market.

Where Income Approach is considered, the valuer firstly identified appropriate rental comparables. All rental comparables of each respective use type that the valuer has identified the comparables which are located in the same subject building and/or the nearby locality transacted within one year prior to the valuation date from the public domain. The valuer has identified two relevant rental comparables in the same subject building and made appropriate adjustments in terms of location, size, floor level, time, building age, and building quality etc. Having regard to the above, the market unit rent of comparable properties (after adjustment) ranges from about HK$16.06 to HK$17.51 per sq.ft. on gross floor area for the premises.

Where capitalisation rate is required, the valuer firstly identified appropriate yield comparables for the industrial properties. All yield comparables of each respective use type that the valuer has identified the comparables which are located in the nearby locality and transacted within one year prior to the valuation date from public domain. The valuer has analysed various recent sales and rental transactions of industrial properties and considered the property market yields of the private non-domestic properties published by the Rating and Valuation Department. The valuer has adopted 3.6% of capitalisation rate for the premises.

Over the past few years, the real estate market (including non-domestic properties) in Hong Kong has been dampened by low turnover of transactions and widespread decrease in property price. Consequently, the challenging market conditions and economics and economic factors have significantly impacted property valuations in Hong Kong.

For financial year 2023, the aggregate carrying amounts of the Premises under Property, Plant and Equipment were calculated on a cost basis with a straight-line depreciation over the term of remaining land lease, and no impairment was made as no indicator existed. Compared to the audit of financial year 2024 where the Premises under Investment Properties were recognized on cost model, depreciated on a straight-line basis over the lease term and impairment was recognized as the recoverable amount of investment properties were lower than their carrying amount.

Stern Appraisal Limited is an independent valuation advisory firm with extensive experience across a wide range of industries and with geographic footprints across the globe besides Hong Kong and mainland China. Their team contains appraisers having professional qualifications including Accreditation in Business Valuation (ABV) granted by the American Institute of Certified Public Accountants (AICPA); Chartered Alternative Investment Analyst (CAIA); Senior Appraiser of the American Society of Appraisers (ASA); Financial Risk Manager (FRM); Member of the Hong Kong Institute of Surveyors (MHKIS); Member of the Royal Institution of Chartered Surveyors (MRICS) and other qualifications. Stern is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

IMPAIRMENT LOSSES ON TRADE RECEIVABLES

As at 31 December 2024, the Group recognised substantial impairment loss on trade receivables amounted to a total of approximately HK$17.6 million which was charged to profit and loss, primarily attributable to long-overdue account receivables from several major apparel clients of the Group under the Apparel SCM segment. Among the trade receivables, four major apparel clients of the Group (the "**Four Major Clients**") constitute more than 97.7% of the total impairment losses on trade receivables and are amounted to approximately HK$17.2 million which was charged to profit and loss.

Reasons and Circumstances Leading to the Impairment on Trade Receivables

The impairment losses on trade receivables were recognized during audit of financial year 2024 when the Group was required to perform the assessment of expected credit losses (the "**ECL**") of financial assets as of 31 December 2024 under the requirement of HKFRS 9. At the time, among the receivables from the Four Major Clients (the "**TR**"), all of them had overdue balances of over 90 days The recognition of the impairments for trade receivables is primarily due to overdue payments.

These long overdue and the corresponding impairment losses reflect the transitional challenges during the Group's restructuring period and the strategic decisions made in attempt to preserve stability of the Company business and its business network. Refer to the above section of this Announcement — Reasons Leading to the Significant Decrease in Revenue for FY2024.

During this period of significant change in majority shareholders and board composition, the Company adopted a policy of preserving critical business relationships while formulating its new strategic direction in moving forward. Recognizing the importance of maintaining long-term partnerships during this transitional phase, management prioritized relationship continuity over aggressive receivables collection. This approach, while temporarily affecting collection efficiency, was essential to stabilize operations and facilitate the Group's broader restructuring efforts, which included corporate rebranding and development of new market opportunities.

Concurrently, the Group implemented a more selective credit policy, prioritizing relationships with creditworthy customers to mitigate future default risks. This prudent approach, while strengthening the Company's financial position going forward, necessitated a thorough review of existing receivables. The impairment recognized reflects those balances where collectability was assessed as uncertain, particularly from clients who had reduced their business volumes with the Group during the transition period.

Basis and Approach of Impairment Assessment on Trade Receivables

The Group appointed an independent professional qualified valuer (the "**ECL Valuer**") to perform the Expected Credit Loss ("**ECL**") assessment. In conducting the ECL assessment for trade receivables, ECL Valuer has adopted the Simplified Approach for TR to reflect the distinct credit risk characteristics of each category of receivables:

The simplified approach eliminates the need to track changes in credit risk over time. Instead, the entity recognises a loss allowance based on lifetime ECLs at each reporting date, starting from origination.

When applying the simplified approach to TR without a significant financing component, a provision matrix is used.

For grouping TR, ECL Valuer assesses the accounts collectively based on shared credit risk characteristics. Specifically for Trade Receivables, they are grouped into two categories:

Days past due	**Number of customer**	**Exposure at Default** *(HKD'000)*	**Loss Rate** *(%)*
Within 1 year	0	0	5%
Over 1 year	4	17,895	100%

This method is adopted primarily due to requirements under HKFRS 9 — Simplified Approach (for AR):

- Required by HKFRS 9 for trade receivables, contract assets, and lease receivables.
- Does not require tracking changes in credit risk; instead, loss allowance is based on lifetime ECLs from origination.
- Provision matrix is used for simplicity, grouping AR by credit risk characteristics (e.g. internal credit ratings as groupings of various debtors that have similar loss patterns).

Recovery on Trade Receivables

The Group has been pursuing the Four Major Clients and have issued multiple formal demand letters including the final demand letter. The Group has recently escalated its recovery efforts from standard collection procedures to formal legal enforcement, including consulting a solicitor for advice on further legal proceedings and the solicitor has recently issued their demand letters, on behalf of the Company, requesting to repay the outstanding receivables. As at the date of this Announcement, the Group has further collected approximately HKD760,000 from the Four Major Clients since the financial year end of 31 December 2024.

The Company has since strengthened its financial controls and client management processes. With the leadership team now stabilized and the strategic repositioning well underway, the Group remains focused on diversifying its client base and reinforcing credit management practices to minimize future receivable risks while pursuing its growth objectives in both established and new business segments.

IMPAIRMENT LOSS ON OTHER RECEIVABLES

As at 31 December 2024, the Group recognised impairment loss on other receivables amounted to total of approximately HK$2.00 million which was charged to profit or loss (the "**Impairment Loss on Other Receivables**"), which is primarily composed of advances to suppliers of the Group. Among these other receivables, the top four major suppliers of the Group (the "**Four Major Suppliers**") constitute approximately 95.0% of the total impairment losses on other receivables amounted to approximately HK$1.90 million which was charged to profit or loss.

Reasons and Circumstances Leading to the Impairment on Advances to Apparel Suppliers

Among the Four Major Suppliers, three of the suppliers (the "**Apparel Suppliers**") constitute an amounted of HK$1.28 million in Impairment Losses on Other Receivables recognised. These advances to suppliers mainly represent 30% of refundable deposits, to suppliers related to sales of apparel and related products with the provision of supply chain management services. As part of the expected sales subsequently did not proceed, the suppliers agreed to apply the outstanding balance by offset purchases on the future order.

The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. Due to the nature of the advance to suppliers and the industry conditions, the Group considered the credit risk has increased significantly since initial recognition and lifetime ECL was recognized incurring the said impairments. Considering the significant decrease in the sales of apparel with the provision of supply chain management services, these prepaid amounts remained outstanding as at the year ended 31 December 2024.

Basis of Impairment Assessment on Other Receivables

The impairment losses on other receivables were recognized during audit of financial year 2024 when the Group was required to perform the assessment of expected credit losses of financial assets as of 31 December 2024 under the requirement of HKFRS 9. The Group appointed an independent professional qualified valuer, ECL Valuer to perform such assessment.

In conducting the Expected Credit Loss (ECL) assessment for other receivables, ECL Valuer have adopted the General Approach for Other Receivables:

- This approach follows the three-stage credit loss model. The loss allowance is recognised based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

  i. Stage 1: 12-month ECL for financial instruments that have not experienced a significant increase in credit risk.

  ii. Stage 2: Lifetime ECL for financial instruments where credit risk has significantly increased since initial recognition.

  iii. Stage 3: Lifetime ECL for financial instruments that are credit-impaired.

The significant inputs used for Other Receivables are as below:

Stage	Exposure at Default *(HKD'000)*	Probability of Default	Loss Given Default
1	6,072	0.48%–26.33%	72.1%[1]
2	3,659	49.25%	72.1%[1]
3	0	100%	100%

[1] Derived from 1–27.9% (long-term average ultimate debt recovery rates of subordinated bonds from Moody's Investors Service) = 72.1%

This method is adopted primarily due to requirements under HKFRS 9 — General Approach (for Other Receivables):

- Required by HKFRS 9 for financial instruments other than those covered by the simplified approach.
- Involves a three-stage credit loss model (12-month or lifetime ECLs) based on changes in credit risk since initial recognition.
- Suitable for receivables with more complex terms and fluctuating credit risk.

Key Input Information of Impairment Assessment on Trade Receivables and Other Receivables

The key information the ECL Value had made reference to and used in the assessments includes but not limited to the followings:

- The historical repayment record of the debtors under Account Receivables and other Financial Assets;
- Forward looking factors estimated based on GDP growth rates;
- Management's judgements on the financial and operational information in respect of the debtors;
- Management's judgements regarding the key parameters adopted in the analysis model;
- Publicly available information sources of market data.

Recovery on Advances to Apparel Suppliers

The Group has recently sent formal demand letters to the Apparel Suppliers, however, as of the date of this announcement, the Group has not further recovered any of the Other Receivables since the financial year end of 31 December 2024. The Board has considered that given the absence of contractual due dates for the settlement of these other receivables, along with the risk of suppliers unilaterally converting such advances into non-refundable prepayments, the Company has adopted a cooperative stance with these suppliers to facilitate the eventual utilization of prepayments or an amicable resolution. The Group has taken a prudent approach in recognizing the associated credit risks and impairments.

On the other hand, the Board anticipates a recovery in sales of apparel products with the provision of supply chain management services in the foreseeable future. This anticipated improvement in business activity should create a more favourable environment for the Company to further utilize these prepayments, thereby reducing outstanding exposures and aligning supplier relationships with renewed transactional momentum.

In the event that these prepayments remain unutilized by the end of financial year 2025, the Company will safeguard the interests of shareholders by carefully evaluating the likelihood of actual repayment from suppliers or pursuing alternative forms of settlement, whichever option proves most advantageous to the Company under the prevailing circumstances. The Board remains committed to striking an optimal balance between maximizing recoverable value and maintaining prudent financial management.

Reasons and Circumstances Leading to the Impairment Loss on Advance to Information Technology Service Provider

Among the other receivables, the remaining one of the Four Major Suppliers is an information technology service provider (the "**IT Service Provider**") of the Group, constitute an amounted of approximately HK$0.63 million.

The advance to the IT Service Provider was backed by a formal loan agreement of an amount of RMB3,000,000 with an interest rate of 3.45% per annum for the period from 23 April 2024 to 22 April 2025 (the "**Advance**"). While concurrently, they provide their system and services to the Group in supporting the ISCM for E-commerce business development.

The Advance was made commercially as a form of deposit while simultaneously serving as a strategic enabler for the Group to pursue additional business opportunity from an e-commerce platform owner. The supplier identified and proposed this initiative, whereby the Group would be positioned as the primary service provider providing comprehensive SCM services across the supply chain cycle to a third party's e-commerce platform while retaining the IT Service Provider's role as the dedicated IT solutions subcontractor, creating a synergistic partnership that leveraged each party's core competencies. Given the Group's subcontracting arrangement, the advance commercially functions as an interest-bearing refundable deposit securing the IT service provision for ISCM E-commerce business.

Recovery on Advance to Information Technology Service Provider

At the time the Company recognizing the impairment loss and the publication of the Annual Report, the Advance had not yet reached its expiry date. The Advance subsequently became due on 22 April 2025, following which the Company further discussed with the IT Service Provider regarding repayment arrangements and has reached agreement in (i) offsetting the services and solution fee, in the amount of RMB1.05 million, with the outstanding amount of the Advance, (ii) extending the remaining amount of the Advance, being RMB1.95 million plus interests by 6 months ending on 22 October 2025, and (iii) the interest rate has been increased to 8% per annum for the extended period. The IT Service Provider has indicated their intention to repay the remaining outstanding amount as soon as practicable and the Company will further disclose as required by the Listing Rules.

Internal Control Policies

The Company's internal practice and procedures in the recovery of overdue loans include the below 4 stages:

(1) Regular Monitoring

- The Company maintains a systematic process to track accounts receivable aging, with regular reviews by the finance and credit control teams. For overdue accounts, follow-up actions will be initiated as below.

(2) Demand Letters & Recovery Efforts

- Upon identification of overdue amounts, formal demand letters are issued to debtors as to secure repayment. The Company ensures that such communications are documented and escalated based on the severity and duration of the delinquency.

(3) Enhanced Recovery Measures for Prolonged Overdue

- For accounts that remain unresolved after multiple demands, the Company's policies mandate further actions, including but not limited to:

    (i) Negotiation of Repayment Plans: Engaging with debtors to formalize structured settlements.

    (ii) Legal Assessment & Proceedings: Evaluating and initiating legal proceedings where appropriate.

    (iii) Third-Party Engagement: Involving collection agencies or advisors to facilitate recovery.

(4) Periodic Review & Strengthening of Controls

- The Company periodically reassesses its credit and recovery policies to ensure their effectiveness, incorporating lessons learned from past recoveries and evolving regulatory expectations.

Conclusion for Impairment Recognition and Recovery Actions

The Board confirms that the reported impairment losses recognized during systematic financial reporting processes under HKFRS 9 requirements, rather than isolated events requiring immediate reactions. The Group consistently applied its accounting policies and provisioning methodologies, guided by auditors and independent valuers during the annual audit cycle. Save as disclosed above, there has been no significant change in the valuation method used or in the value of inputs or assumptions from those previously adopted.

In assessing the Group's recovery approach, the Board carefully considered:

1. Strategic Transition: The Company underwent significant management and shareholder changes spanning majority of FY2023-FY2024, necessitating comprehensive reviews of market positioning, client relationships, and long-term strategy.

2. Relationship Preservation: special care was taken to balance recovery efforts with maintaining viable long-term business relationships, on a best effort basis while recognizing the inherent uncertainty in transitional periods despite preservation efforts. This process necessarily involved operational adjustments as the Company evaluated which partnerships could be sustained for long-term value.

3. Resource Prioritization: while determining optimal market directions, the Board concurrently evaluated the appropriate intensity of recovery actions to align with strategic objectives.

Given these circumstances, the Board adopted a measured escalation of recovery actions to avoid unnecessary disruption to potential business opportunities.

In the near term, the Company will:

- Intensify follow-ups with debtors to secure repayments or negotiated settlements

- Pursue legal recourse for persistent delinquencies where commercially justified

- Strengthen internal controls, including enhanced credit assessments and monitoring

Based on current progress and the above commitment to further action, the Board has been in principle following the above section — Internal Control Policies, with the considerations of the circumstances as disclosed in the respective recovery sections of this Announcement for the Trade Receivables and Other Receivables. The Board confirms the actions taken and planned are sufficient and reasonable.

The Company remains committed to robust governance and will take all necessary steps to optimize recoveries while ensuring full regulatory compliance. Material developments will be disclosed as required by the Listing Rules.

Save as disclosed above, the contents of the 2024 Annual Report remain unchanged.

By order of the Board
Ficus Technology Holdings Limited
Mr. Chan Ting
Chairman and Executive Director

Hong Kong, 26 August 2025

As at the date of this announcement, the Board comprises (i) two executive Directors, namely, Mr. Chan Ting (Chairman) and Ms. Chan Siu Sarah; and (ii) three independent non-executive Directors, namely Dr. Liu Ta-pei, Ir Prof. Young Andrew Meng Cheung and Mr. Choi Man On.

This announcement, for which the Directors 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 of Hong Kong Limited 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 announcement 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 announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the Company's website at www.ficustech.com.