

# WebX International Holdings Company Limited 智雲國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8521)



Annual  
Report  
**2025**

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “**Directors**”) of WebX International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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
Chairman Statement	5
Management Discussion and Analysis	6–12
Biographical Details of Directors and Senior Management	13–16
Corporate Governance Report	17–33
Directors' Report	34–45
Environmental, Social and Governance Report	46–76
Independent Auditor's Report	77–81
Consolidated Statement of Profit or Loss and Other Comprehensive Income	82
Consolidated Statement of Financial Position	83–84
Consolidated Statement of Changes in Equity	85
Consolidated Statement of Cash Flows	86–87
Notes to the Consolidated Financial Statements	88–148

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Li Jian  
Mr. Chen Simon Guomin

### Non-executive Directors

Mr. Wong Kai Hung Kelvin (*Chairman*)  
(re-designated from executive director to  
non-executive director on 19 December 2025)  
Mr. Hung Yuk Miu

### Independent non-executive Directors

Mr. Ng Wing Heng Henry  
Dr. Chan Yee Wah  
Mr. Liu Mingfang

## AUDIT COMMITTEE

Mr. Ng Wing Heng Henry (*Chairman*)  
Dr. Chan Yee Wah  
Mr. Liu Mingfang

## REMUNERATION COMMITTEE

Mr. Liu Mingfang (*Chairman*)  
Mr. Wong Kai Hung Kelvin  
Mr. Ng Wing Heng Henry

## NOMINATION COMMITTEE

Dr. Chan Yee Wah (*Chairwoman*)  
Mr. Wong Kai Hung Kelvin  
Mr. Ng Wing Heng Henry

## COMPLIANCE OFFICER

Mr. Li Jian

## COMPANY SECRETARY

Mr. Yuen Shing Him

## AUTHORISED REPRESENTATIVES

Mr. Li Jian  
Mr. Yuen Shing Him

## REGISTERED OFFICE

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman KY1-1111,  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 05-06, 33rd Floor, Bank of America Tower,  
No.12 Harcourt Road,  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR

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

## AUDITOR

SHINEWING (HK) CPA Limited  
Certified Public Accountants  
17/F, Chubb Tower,  
Windsor House,  
311 Gloucester Road,  
Hong Kong

## LEGAL ADVISOR

LCH Lawyers LLP  
Room 2402,  
Admiralty Centre Tower Two,  
18 Harcourt Road,  
Admiralty,  
Hong Kong

## PRINCIPAL BANKERS

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

Bank of Dongguan  
No. 101, Block 1, Hyde Plaza,  
No. 200, Hongfu Road,  
Nancheng District, Dongguan City,  
Guangdong Province, PRC

Bank of China  
No. 72, Guantai Road,  
Nancheng District, Dongguan City,  
Guangdong Province, PRC

China Construction Bank  
Shop A011-A015,  
Jiangnan Yazhu, Block H1,  
8 Jinfeng Road,  
Nancheng District, Dongguan City,  
Guangdong Province, PRC

## COMPANY'S WEBSITE

[www.webx.info](http://www.webx.info)

## STOCK CODE

8521

# Financial Summary

For the five years ended 31 December 2021, 2022, 2023, 2024 and 2025

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	<b>134,958</b>	120,028	109,968	101,100	122,786
Cost of sales	<b>(109,179)</b>	(100,308)	(83,792)	(83,447)	(88,094)
Gross profit	<b>25,779</b>	19,720	26,176	17,653	34,692
Other income	<b>2,122</b>	2,767	2,379	2,864	3,793
Selling and distribution expenses	<b>(5,501)</b>	(6,007)	(5,115)	(4,078)	(4,254)
Administrative and other expenses	<b>(23,246)</b>	(22,263)	(16,676)	(19,073)	(18,241)
Impairment loss on plant and machinery	<b>–</b>	–	–	(6,296)	–
Impairment loss on trade receivables	<b>(737)</b>	(4,363)	(1,589)	(29)	(46,333)
Impairment loss on intangible assets	<b>(192)</b>	–	–	–	–
Impairment loss on prepayment	<b>(1,928)</b>	(7,487)	–	–	–
Finance costs	<b>(745)</b>	(1,143)	(1,464)	(1,412)	(1,762)
(Loss)/profit before tax	<b>(4,448)</b>	(18,776)	3,711	(10,371)	(32,105)
Income tax credit (expenses)	<b>25</b>	1,266	(1,509)	(654)	(398)
(Loss)/profit for the year	<b>(4,423)</b>	(17,510)	2,202	(11,025)	(32,503)

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>					
Non-current assets	<b>21,967</b>	18,919	20,540	21,526	33,043
Current assets	<b>199,382</b>	159,680	161,275	157,157	176,304
Non-current liabilities	<b>1,299</b>	2,057	5,154	5,152	525
Current liabilities	<b>50,447</b>	51,270	30,059	45,781	57,242
Net assets	<b>169,603</b>	125,272	146,602	127,750	151,580

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>CASH FLOWS</b>					
Net cash (used in)/generated from operating activities	<b>(48,667)</b>	(5,774)	(2,758)	9,815	30,775
Net cash used in investing activities	<b>(3,472)</b>	(285)	(304)	(194)	(361)
Net cash generated from/(used in) financing activities	<b>43,288</b>	6,970	(1,213)	(5,473)	18,864
Net (decrease)/increase in cash and cash equivalents	<b>(8,851)</b>	911	(4,275)	4,148	49,278
Cash and cash equivalents at the beginning of the year	<b>78,823</b>	80,497	84,758	89,740	38,134
Effect of foreign exchange rate changes	<b>(228)</b>	(2,585)	14	(9,130)	2,328
Cash and cash equivalents at the end of the year	<b>69,744</b>	78,823	80,497	84,758	89,740

# Chairman Statement

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”) of the Company, I am pleased to present the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the fiscal year ended 31 December 2025 (“**FY2025**”).

The year under review presented a complex global economic environment marked by moderating growth and cautious consumer sentiment. During FY2025, global demand for fabrics and apparel stabilised at a low base, and the broader industry recorded only a low-single-digit improvement in output. For instance, data from China’s National Bureau of Statistics indicated that the industrial value-added output for textile enterprises above a designated size grew by only 1.8% year-on-year in 2025. Concurrently, the country’s apparel and accessories export value declined by 4.4% over the first eleven months due to weak end-market consumption.

Against such challenging macroeconomic backdrop, the Group adopted a defensive operating stance to safeguard our baseline profitability in the traditional fabric business. We exercised strict control over working capital and capital expenditure, prioritizing cash flow resilience over short-term expansion. Moving forward, management will continue to rigorously manage fixed and variable costs while optimizing raw material utilization and production efficiency to protect our core margins.

In parallel with the sales of functional knitted fabrics, apparel and yarns segment, the Group’s cloud-based computing and internet traffic services segment has experienced sizable expansion. This accelerated growth is primarily driven by the rapid global advancement of artificial intelligence, which requires immense computing power, scalable infrastructure, and uninterrupted data connectivity. According to industry analysis by Straits Research, the global cloud AI market was valued at approximately USD 88.36 billion in 2025 and is forecast to expand at a formidable compound annual growth rate (CAGR) of over 32% in the coming decade. By capitalizing on this structural shift, the Group is well-positioned to convert the escalating demand for digital infrastructure into a stable, high-margin revenue stream.

Building upon our expanding cloud infrastructure capabilities, the Group recognizes AI not merely as a tool, but as a significant avenue for transformational growth. We view the active exploration of AI-related initiatives as a vital new business opportunity that offers tremendous potential to expand the Group’s revenue base and elevate our long-term corporate value. The strategic direction intends to align with our government’s long-term economic policies, which emphasize technology and innovation as core drivers of regional development. While we are enthusiastic about the substantial opportunities amid the growth of AI related business opportunities, we remain committed to our prudent corporate culture. The exploration and development of the AI-related business will be managed with rigorous oversight, ensuring full compliance with Hong Kong’s regulatory and statutory requirements to protect shareholder interests.

By balancing uncompromising cost management in our traditional fabric business with the disciplined pursuit of significant new AI market opportunities, the Group is strategically positioning itself to navigate current economic headwinds while securing robust future growth engines. We will maintain our conservative financial position to ensure long-term stability. On behalf of the Board, I extend my sincere gratitude to our shareholders, business partners, and employees for their steadfast support and dedication.

**Wong Kai Hung, Kelvin**  
*Chairman*

Hong Kong, 27 March 2026

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group operates its business through two segments. The sales of functional knitted fabrics, apparel and yarns segment mainly sells products to lingerie and apparel brand owners, sourcing agents and garment manufacturers; and the cloud-based computing and internet traffic services segment provides performance-based cloud-based computing and Internet traffic services which provides clients with tailored recommendations that address their specific needs and requirements.

### Sales of functional knitted fabrics, apparel and yarns

The Group's products of functional knitted fabrics, apparel and yarns are sold directly to lingerie and apparel brand owners, sourcing agents, and garment manufacturers. The Group continues to design functional knitted fabrics through its product innovation capabilities, source its raw materials comprising primarily synthetic fibers and yarns, and engage third-party factories to carry out production processes comprising yarn spinning, knitting, and dyeing, for its direct sales of functional knitted fabrics to the customers.

The year under review presented a complex global economic environment marked by moderating growth and cautious consumer sentiment. The Group will closely monitor market trends, evaluate operational and financial performance, and adapt its business strategy to capitalise on the PRC's economic recovery. It remains committed to investing in R&D for functional knitted fabrics and dyeing techniques to bolster its competitive edge.

During FY2025, this segment generated revenue of approximately HK\$105,476,000, decreased by HK\$4,762,000 or 4.3% from approximately HK\$110,238,000 for the year ended 31 December 2024 ("**FY2024**").

### Cloud-based computing and internet traffic services

The Group provides cloud-based computing and internet traffic solutions through advanced real time data analytics, in order to enhance product visibility, improve sales-conversion rates through providing clients with tailored recommendations that address their specific needs and requirements. The solution offerings of the Group also include assisting clients in sourcing and placing their products and services on the desirable platform, as well as co-operating with content creators to share/display related contents/products.

During FY2025, the Group further enhanced its cloud-based computing and internet traffic services. The accelerated growth is primarily driven by the rapid global advancement of artificial intelligence, which requires immense computing power, scalable infrastructure, and uninterrupted data connectivity.

During FY2025, this segment generated revenue of approximately HK\$29,482,000, increased by HK\$19,692,000 or 201.1% from approximately HK\$9,790,000 for FY2024.

# Management Discussion and Analysis

## OUTLOOK

The Group's businesses in (i) sales of functional knitted fabrics, apparel and yarns and (ii) cloud-based computing and internet traffic services are expected to grow, with the former increasing slightly and the latter increasing significantly. The Group will also actively explore AI-related initiatives as a vital new business opportunity that offers tremendous potential to expand the Group's revenue base and elevate our long-term corporate value.

## Revenue

The following table sets forth an analysis of our revenue by products during FY2025 and FY2024.

	2025 HK\$'000	2024 HK\$'000
Sales of functional knitted fabrics	71,270	84,316
Sales of apparel	25,668	13,077
Sales of yarns	8,538	12,845
Cloud-based computing and internet traffic services	29,482	9,790
	<b>134,958</b>	120,028

The Group's revenue increased by HK\$14,930,000 or 12.4%, from HK\$120,028,000 for FY2024 to HK\$134,958,000 for FY2025. The increase was mainly due to the increase in revenue from the cloud-based computing and internet traffic services when compared with the corresponding period in 2024.

## Gross profit and gross profit margin

The gross profit increased by HK\$6,059,000 or 30.7% from HK\$19,720,000 for FY2024 to HK\$25,779,000 for FY2025. The gross profit margin increased by approximately 2.7 percentage points from approximately 16.4% for the year ended 31 December 2024 to approximately 19.1% for the year ended 31 December 2025. The increase in gross profit margin was mainly contributed from the increase in profit margin from the sales of functional knitting fabrics during FY2025.

## Other income

Other income decreased by HK\$645,000 or 23.3% from HK\$2,767,000 for FY2024 to HK\$2,122,000 for FY2025.

Other income mainly comprises of (i) bank interest income; (ii) government grants; (iii) rental income; (iv) sundry income, (v) net exchange loss and gain on disposal of plant and equipment during FY2025.

# Management Discussion and Analysis

## Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately HK\$506,000, or 8.4%, from approximately HK\$6,007,000 for FY2024 to approximately HK\$5,501,000 during FY2025.

The Group has incurred less sales and marketing expenses mainly due to the decrease in advertising and exhibition fees.

## Administrative and other expenses

The Group's administrative and other expenses increased by HK\$983,000, or 4.4%, from HK\$22,263,000 for FY2024 to HK\$23,246,000 for FY2025 which was similar to the previous year.

## Impairment loss on trade receivables

The Group's impairment loss on trade receivables decreased by approximately HK\$3,626,000 or 83.1% from HK\$4,363,000 for FY2024 to HK\$737,000 for FY2025 where no additional individual default receivable was identified during the year. The expected loss of trade receivables in FY2025 was lower than that for FY2024.

## Impairment loss on intangible assets

During FY2025, HK\$192,000 has been recorded by the Group (FY2024: nil).

## Impairment loss on prepayment

During FY2025, the Group recognised an impairment loss of HK\$1,928,000 in relation to prepayments made to suppliers that were assessed as unrecoverable during the year. During FY2024, the Group recognised an impairment loss of HK\$7,487,000 in relation to a prepayment made to a supplier which is undergoing bankruptcy restructuring proceedings.

## Finance costs

The finance costs decreased by HK\$398,000 or 34.8% from HK\$1,143,000 for FY2024 to HK\$745,000 for FY2025 due to the reduction in bank overdraft and other loans during the year. The bank borrowings and bank overdraft were HK\$21,867,000 as at 31 December 2025.

## Taxation

The Group reported an income tax credit of HK\$25,000 for FY2025 (FY2024: HK\$1,266,000). The income tax credit recorded in FY2025 was primarily driven by deferred tax assets recognized for trade receivable impairments at a PRC subsidiary.

## Loss for the year attributable to owners of the Company

As a result of the foregoing, the Company recorded a loss attributable to owners of the Company for FY2025 of HK\$4,423,000 while a loss attributable to owners of the Company was HK\$17,510,000 for FY2024.

# Management Discussion and Analysis

## Cash flows

The net cash used in operating activities during FY2025 was about HK\$48,667,000 while the net cash used in operating activities during FY2024 was about HK\$5,774,000. The increase in net cash used in operating activities was mainly due to the significant increase in deposits, prepayments and other receivables and inventories when compared with FY2024.

The net cash used in investing activities in FY2025 was about HK\$3,472,000 while the net cash used in investing activities in FY2024 was about HK\$285,000. The increase was mainly due to the acquisition of plant and equipment during FY2025.

The net cash generated from financing activities was HK\$43,288,000 in FY2025 while the net cash used in financing activities in FY2024 was HK\$6,970,000. Such change was mainly due to the increase in proceeds from the issuance of shares.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We financed our operation mainly through cash generated from our operating activities and bank borrowings. As at 31 December 2025 and 2024, we had cash and cash equivalents of HK\$69,744,000 and HK\$78,823,000 respectively.

As at 31 December 2025, the Group had HK\$24,956,000 of outstanding bank borrowing and other loans and HK\$1,855,000 of bank overdraft (2024: HK\$25,921,000 of outstanding bank borrowing and other loans and HK\$2,448,000 of bank overdraft). As at 31 December 2025, the Group's borrowings were denominated in Renminbi ("**RMB**") and US Dollar ("**USD**").

The Group's gearing ratio, which is calculated based on the total debt (defined as the sum of bank borrowings and other loans and overdrafts) as at the respective year end divided by total equity as at the respective year end were 15.8% and 22.6% as at 31 December 2025 and 2024 respectively

## ISSUE OF NEW SHARES UNDER GENERAL MANDATE ("**SEPT 2025 SUBSCRIPTION**")

On 29 July 2025, the Company and an independent party ("**Subscriber**") entered into the Subscription Agreement (the "**Subscription Agreement**") pursuant to which the Company agreed to issue and allot to the Subscriber, and the Subscriber agreed to subscribe for, an aggregate of 63,000,000 new ordinary shares ("**Shares**") of the Company ("**Subscription Shares**", and each a "**Subscription Share**") at a price of HK\$0.76 per Share, representing a discount of approximately 16.48% to the closing price of HK\$0.91 per Share as quoted on the Stock Exchange on 29 July 2025 (being the date of the entering into of the Subscription Agreement).

The Subscription Shares were issued pursuant to the general mandate granted by Shareholders at the annual general meeting of the Company held on 20 June 2025. The Directors were of the view that the Sept 2025 Subscription could raise working capital of the Group to address and support the furtherance of the Group's businesses and to diversify business risks as well as to broaden income source of the Group, the Company proposed to allocate resources towards the furtherance of Cloud-based Computing and Internet Traffic Services, which includes (i) securing additional computing resources for its expansion plan by entering into service agreement with vendors (i.e. data centres); (ii) contributing towards the settlement of expenses incurred in connection with the provision of Customised Solutions; (iii) for the use of employees related costs; and (iv) for the use of other operating expenses, such as, maintenance, equipment, office rental costs. As such, the Directors considered that the Sept 2025 Subscription was in the interests of the Company and the Shareholders as a whole.

# Management Discussion and Analysis

Completion of the Sept 2025 Subscription took place on 10 September 2025. The gross proceeds were approximately HK\$47.88 million and the net proceeds were approximately HK\$47.62 million (after deduction of commission and other expenses of the Sept 2025 Subscription). On such basis, the net issue price per Subscription Share was approximately HK\$0.756.

For details of the Sept 2025 Subscription, please refer to the announcements of the Company dated 29 July 2025, 18 August 2025, 1 September 2025 and 10 September 2025.

## USE OF PROCEEDS

Details of the use of the proceeds from the Sept 2025 Subscription:

Intended use of proceeds	Balance available as at 10 September 2025 HK\$ (in million)	Actual use of proceeds during FY2025 HK\$ (in million)	Balance available as at 31 December 2025 HK\$ (in million)	Note
Costs of lease/purchase computing power (bandwidth usage/ data transfer volume/ unit price)	27.00	27.00	–	The expected timeline for the full utilization of the proceeds is on or before 31 March 2027.
Expenditure for provision of Customised Solution	9.26	3.00	6.26	
Employees costs, main duties of which include, data analysis, data and network management, assistance in provision of Customised Solutions)	4.63	–	4.63	
Other operating expenses, such as, maintenance, equipment, office rental costs	1.97	–	1.97	
General working capital	4.76	–	4.76	
<b>Total</b>	<b>47.62</b>	<b>30.00</b>	<b>17.62</b>	

## CAPITAL STRUCTURE

As at 31 December 2025, the capital structure of the Company comprised issued share capital and reserves.

# Management Discussion and Analysis

## COMMITMENTS

As at 31 December 2025 and 2024, the Group did not have any capital commitment.

## SEGMENT INFORMATION

Details of segment information of the Group are set out in note 6 to the consolidated financial statements.

## SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investment during FY2025.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

There was no material acquisition and disposal of subsidiaries and assets by the Group during FY2025. As of the date of this report, the Group did not have any major future investment plans.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during FY2025.

## CONTINGENT LIABILITIES

As at 31 December 2025, the Group has no material contingent liabilities.

## PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Directors are aware that the Group is exposed to various types of principal risks and uncertainties as discussed below.

### Foreign Exchange Risk

The Group's reporting currency is Hong Kong dollar and most of the business transactions are denominated in other currencies including RMB and USD. Hence, exchange rate fluctuation can affect the profit margin of the Group. The foreign exchange gains or losses of the Group primarily arise from settlement of trade payables denominated in USD and receipt of our trade receivables denominated in RMB and USD. However, the Group's principal business is located in the PRC, and its major transactions are conducted in RMB. The Group considers the risk exposure of the foreign exchange to be insignificant between HK\$, USD, and RMB. During FY2025, the Group did not use any hedging contracts to engage in speculative activities. However, the Group will closely monitor the foreign currency risk exposure and take necessary measures to minimise the potential foreign exchange risks.

### Credit Risk

The Group is subject to credit risks of our customers and our liquidity can be affected by late settlement of our customers. If our customers fail to settle our trade and bill receivables in full or timely within their respective credit period, the Group may incur impairment losses and therefore can adversely affect the financial performance and position. Our senior management manages the credit risks by assessing the credit limits and credit terms granted to customers under the internal control system and works with sales and finance departments to monitor closely the financial health and settlement status of our customers.

# Management Discussion and Analysis

## Policy Risk

Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic, and social factors may also lead to further adjustments to the reform measures. This refining and adjustment process may materially impact our business, financial condition, results of operations, and prospects. It might result in an upward adjustment of the production cost. Our management team pays attention to news about economic reforms trends to adopt preventive actions in advance to cope with the changes.

## Competition Risk

The functional knitted fabrics market in the PRC is fragmented. Our Group faces intense competition, in terms of pricing, product quality, product innovation, product diversity, research and development and cost efficiency, from existing players and new entrants based in the PRC and other countries. The Group believes that the strong product innovation capabilities on functional knitted fabrics and stringent quality assurance and control measures for product quality will continuously strengthen our competitive advantages in the market.

## ESG Compliance Risk

With the rising awareness of environmental, social, and governance (“**ESG**”) issues, most of the Group’s customers requested the Group to provide written confirmation of compliance with several environmental and social requirements. Accordingly, the Group needs to devote more effort and resources to ensure the Group’s compliance with the relevant laws or regulations and customers’ specified ESG requirements in spite of potential incurrence of extra costs to comply with the increasingly stringent environmental regulatory requirements.

The Group has transferred the compliance risk to suppliers or contractors by requesting them to comply with the relevant environmental laws or regulations. The Group has conducted background search and annual evaluation of the performance of the suppliers or contractors to minimise the potential non-compliance risks. The Group will continue to conduct mitigation measures to rectify any non-compliance.

## CHARGES ON GROUP’S ASSETS

As at 31 December 2025, the Group had HK\$20,012,000 bank borrowings secured by personal guarantee provided by Mr. Xi Bin, the chief executive officer and a director of a subsidiary of the Company and his spouse (31 December 2024: HK\$19,277,000). During FY2025, the Group’s bank facilities were secured by the pledged bank deposits as set out in note 23 to the consolidated financial statements.

## INFORMATION ON EMPLOYEES

As at 31 December 2025, the Group had 67 employees (31 December 2024: 73) and most of them were working in the Dongguan headquarters. We incurred staff costs inclusive of performance related bonus, other bonus and directors’ emoluments in the aggregate of HK\$17,530,000 and HK\$15,611,000 for FY2025 and FY2024, respectively. We regularly review the performance of our employees and make reference to such performance reviews in our salary review and promotional appraisal in order to attract and retain talented employees. For our sales staff, we offer a remuneration package comprising basic salary and performance-based bonus.

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Li Jian (李鍵)**, aged 46, was appointed as an executive Director on 28 August 2023. He is responsible for developing new strategies and competencies. Mr. Li is also a director of various subsidiaries of the Company.

Mr. Li has many years' experience in computer software, communications and Internet media industries. He mainly engaged in research, development and manufacturing of mobile terminal products and Internet marketing and advertising. Mr. Li received his Associate Degree of Computer Science from the Department of Computer Science of Tianjin University of Technology and Education in 2003.

Since 2015, Mr. Li has participated in the establishment of Beijing Jiangzhi Information Technology Co. Ltd. (a listed company on the National Equities Exchange and Quotations, Stock Code: 430443), and as a shareholder of the company which is mainly engaged in Internet social media marketing, Internet advertising and other businesses.

**Mr. Chen Simon Guomin (陳國敏)** (former name: Chen Guomin), aged 59, was appointed as an executive Director on 14 November 2023. He is responsible for identifying suitable investors for strategic partnerships of the Group. He also has extensive experience in both the banking and regulatory spheres, and is responsible for overseeing those areas for the Group.

Mr. Chen obtained a Bachelor of Engineering in Management Information Systems from the Tsinghua University, the People's Republic of China ("PRC") in July 1990 and a Master of Arts and Economics from Simon Fraser University, Canada in October 1993. He also obtained a Master of Business Administration degree from The University of British Columbia, Canada in May 1996.

Mr. Chen has over 31 years of experience in global capital markets and investment banking. Mr. Chen has successively held senior management positions at HSBC and Lehman Brothers for their respective investment banking business. Mr. Chen has helped many well-known companies in their listings, fundraisings and mergers and acquisitions, and advised on their corporate development strategies. While acting as the Chief Representative of HSBC's Beijing Representative Office Investment Bank in the PRC from 1999 to 2001, Mr. Chen helped implement HSBC's investment and development strategies in the PRC. Further, Mr. Chen was involved in the EU's China WTO Financial Industry Advisory Committee. In recent years, Mr. Chen has engaged in consulting and investment activities in internet big data application projects.

## NON EXECUTIVE DIRECTOR

**Mr. Wong Kai Hung Kelvin (黃繼雄)**, aged 50, founded our Group in October 2011 and was the chairman of our Board. Mr. Wong has been re-designated from an executive Director to a non-executive Director with effect from 19 December 2025 primarily due to reallocation of responsibilities amongst the Group's management team. Prior to re-designation as a non-executive Director, Mr. Wong was appointed as a Director on 21 February 2017 and executive Director on 1 April 2017. Mr. Wong is responsible for the overall business strategies, planning, management and operational development of our Group. Mr. Wong is also a director of various subsidiaries of the Company.

Mr. Wong has over 22 years of experience in business administration. From July 1999 to March 2004, Mr. Wong was the general manager of Leahander Group Limited (利興強集團有限公司), an investment holding company, where he was responsible for managing staff, and establishing and accomplishing business objectives. From January 2002 to January 2016, Mr. Wong worked in K&T Investments Limited, a company engaging in manufacturing and distribution of knitted fabrics and an investment holding company, with his last position as the general manager, responsible for managing staff, and establishing and accomplishing business objectives.

Mr. Wong graduated from the University of Southern California in the United States with a Bachelor of Science (business administration) (major in science (business administration) and minor in architecture) in May 1999. Mr. Wong is the 2022/2023 executive committee members of Hong Kong Young Industrialists Council (香港青年工業家協會) and the 42nd Executive Committee Members of the Chinese Manufacturers' Association of Hong Kong (香港中華廠商聯合會). Mr. Wong was an executive member of the 10th Executive Committee of The Y. Elites Association (香港菁英會). In October 2013, he was awarded the honorary citizenship of Jiangmen of Guangdong Province (廣東省江門市榮譽市民). In 2020, he was awarded the Young Industrialist Awards of Hong Kong (香港青年工業家獎).

# Biographical Details of Directors and Senior Management

**Mr. Hung Yuk Miu (洪育苗)**, aged 45, was appointed as a Director on 31 March 2017 and became our executive Director on 1 April 2017. Mr. Hung has been re-designated from an executive Director to a non-executive Director with effect from 30 April 2019 primarily due to reallocation of responsibilities amongst the Group's management team. Mr. Hung joined our Group in May 2014 and, prior to re-designation as a non-executive Director, was the chief financial officer of our Group responsible for managing and overseeing the financial management of our Group. From July 2019 to May 2020, Mr. Hung was the chief financial officer and company secretary of Sheng Yuan Holdings Limited (stock code: 851), a company listed on the Stock Exchange. Since June 2020, Mr. Hung served as the vice president and the company secretary of Greentech Technology International Limited (stock code: 195). From 1 March 2022 to 14 January 2025, Mr. Hung was an independent non-executive director of Shinsun Holdings (Group) Co., Ltd. (stock code: 2599), the shares of which were delisted from the Main Board of the Stock Exchange on 11 November 2024.

From August 2004 to October 2006, Mr. Hung worked at Deloitte Touche Tohmatsu, Hong Kong branch, an accountancy firm, and his last position was senior accountant, responsible for external audit works. From October 2006 to May 2014, he worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shenzhen branch, an accountancy firm, and his last position was manager in audit department, responsible for external audit works.

Mr. Hung graduated from Curtin University of Technology in Australia with a Bachelor of Commerce (double major in accounting and finance) in September 2004. In November 2007, Mr. Hung was admitted as a certified practising accountant of CPA Australia Ltd. Since January 2011, he has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

## INDEPENDENT NON EXECUTIVE DIRECTORS

**Mr. Ng Wing Heng Henry (伍永亨)**, aged 43, was appointed as an independent non-executive Director on 23 April 2018. He is primarily responsible for bringing an independent judgment to ensure the continuing effectiveness of management of our Company. Mr. Ng has over 14 years of experience in accounting, auditing and corporate governance. From January 2008 to March 2010, Mr. Ng worked at PricewaterhouseCoopers, an accountancy firm, as the senior associate at Assurance of Financial Services Practice, responsible for the auditing and accountancy procedures of Hong Kong companies. Since September 2010, he has worked at Tony Kwok Tung Ng & Co., an accountancy firm, and was appointed as a principal in January 2013, responsible for reviewing statutory audit files of both local and multinational companies, managing the audit teams and leading the non-audit projects and consulting services.

In May 2005, Mr. Ng was awarded a Bachelor of Science (accounting) degree by the University of Southern California in the United States. In August 2007, he was admitted as a member of the American Institute of Certified Public Accountants. In May 2012, he was admitted as a practising member in Washington State Board of Accountancy. Since January 2015, he has been a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. Ng is also a member of the Appeal Board Panel (Town Planning) under Section 17A of the Town Planning Ordinance (Cap. 131) of Hong Kong; a member of the Appeal Board Panel under Section 27 of the Urban Renewal Authority Ordinance (Cap. 563) of Hong Kong; and an adjudicator of the Immigration Tribunal under Section 53F of the Immigration Ordinance (Cap. 115) of Hong Kong. During 2018 to 2024, Mr. Ng also served as a member of the Appeal Panel (Housing) under Section 7A of the Housing Ordinance (Cap. 283) of Hong Kong; and as a member of the Panel of Film Censorship Advisers established under the Film Censorship Ordinance (Cap. 392) of Hong Kong.

**Dr. Chan Yee Wah (陳綺華)**, aged 61, was appointed as an independent non-executive Director on 5 December 2023. She is primarily responsible for bringing an independent judgment to ensure the continuing effectiveness of the management of our Group. She has over 30 years of experience in finance and management, investor relations and corporate governance. Dr. Chan is the founding chairlady of Hong Kong Investor Relations Association. She is currently the Head of Investor Relations of C C Land Holdings Limited (stock code: 1224), a company whose shares are listed on the Main Board of the Stock Exchange. She is also an independent non-executive director of each of Capital Environment Holdings Limited (stock code: 3989), a company whose shares are listed on the Main Board of the Stock Exchange, and Xtep International Holdings Limited (stock code: 1368), a company whose shares are listed on the Main Board of the Stock Exchange.

# Biographical Details of Directors and Senior Management

Dr. Chan obtained a Bachelor of Arts in Accountancy from the City University of Hong Kong, a Master of Business Administration from the University of Nottingham, the United Kingdom, and a Doctor of Business Administration from The Hong Kong Polytechnic University. Dr. Chan is a fellow member of each of the Hong Kong Institute of Certified Public Accountants (previously known as the Hong Kong Society of Accountants), the Association of Chartered Certified Accountants and the Hong Kong Chartered Governance Institute.

**Mr. Liu Mingfang (劉明芳)**, aged 47, was appointed as an independent non-executive Director on 21 May 2024. He has over 20 years of experience in corporate finance and investment management, and is particularly familiar with the negotiation and investment analysis of corporate investment projects. Since August 2008, he has worked at Guangzhou Guoji Investment Co., Ltd.\* (廣州國濟投資顧問有限公司) and is currently a senior advisor.

From September 2001 to February 2003, he worked at Beijing Eagles United Investment Co., Ltd.\* (北京鵬聯投資顧問有限公司) where his last position was an associate. From March 2003 to August 2006, Mr. Liu worked at Taihe Media Investment Co., Ltd.\* (太合傳媒投資有限公司) where his last position was the director of the investment department.

Mr. Liu obtained a Bachelor of Economics from the Beijing Wuzi University, the PRC in July 2001 and a Master of Business Administration (“**MBA**”) from the International MBA Program co-developed by the Tsinghua University, the PRC, and the Massachusetts Institute of Technology, the United States of America, in July 2008. He holds a Legal Professional Qualification Certificate issued by the Ministry of Justice of the PRC. Mr. Liu also participated in the Global Classroom course on Integrated Approaches to Sustainable Development Practice jointly organised by the Earth Institute at Columbia University and the Brookings-Tsinghua Center for Public Policy in December 2008.

Mr. Liu was an independent non-executive director of Richly Field China Development Limited (stock code: 313) (“**Richly Field**”), a company whose shares are listed on the Main Board of the Stock Exchange, from 13 August 2010 to 25 April 2012. As disclosed in the regulatory announcement published by the Stock Exchange on 21 January 2015 (“**Regulatory Announcement**”), the Listing Committee (“**Listing Committee**”) of the Stock Exchange criticised, inter alia, Mr. Liu as a former independent non-executive director of Richly Field for his breaches of his obligations under the Declaration and Undertaking with regard to Directors (“**Undertaking**”) given to the Stock Exchange in the form set out in Appendix 5-B to the Rules (“**Main Board Listing Rules**”) Governing the Listing of Securities on the Stock Exchange.

The Listing Committee found that each of Mr. Liu and certain former directors of Richly Field breached their respective Undertakings to use his/her best endeavours to procure Richly Field’s compliance with the Main Board Listing Rules in relation to certain connected transactions of Richly Field for the following reasons (insofar as Mr. Liu was concerned):

- (1) they ratified one of the connected transactions in June 2011. Noting that the undisclosed and unreported transaction had occurred in early March 2011 involving a substantial deposit payment by a principal subsidiary of Richly Field; and that another former director of Richly Field who authorised the transaction and signed the relevant agreement (“**Former Director**”) did not notify Richly Field’s board of directors (“**Rich Field’s Board**”) of the transaction, each of the relevant directors was put on notice of the need to enquire and establish reasons of and circumstances leading to the non-reporting of the transaction to Richly Field’s Board at the relevant time. Best endeavours would have reasonably required and expected the relevant directors to:
  - (a) enquire and look into the circumstances and enquire as to why the Former Director did not inform or involve any members of Richly Field’s Board in the consideration and approval of the transaction or why it was not reported to Richly Field’s Board in a timely manner;
  - (b) establish any internal control deficiencies to which the non-reporting of the transaction to Richly Field’s Board might be partly attributable; and take steps to rectify those deficiencies; and

\* The English translation of the name is for reference only. The official name of the entity is in Chinese.

# Biographical Details of Directors and Senior Management

- (c) consider and enquire of the Former Director and the management of Richly Field about the implications of the Main Board Listing Rules of the transaction including whether it required disclosure under the Main Board Listing Rules; and
- (2) they failed to ensure Richly Field had adequate and effective internal controls in place to ensure its compliance with the Main Board Listing Rule arising from transactions conducted at the subsidiary level.

The Listing Committee further directed Mr. Liu and certain former directors of Richly Field to, as a prerequisite of future appointment as a director of a company listed on the Stock Exchange, attend 24 hours of training on compliance of the Main Board Listing Rules, particularly in relation to notifiable and connected transactions, before the effective date of such appointment. The training should be provided by the Hong Kong Institute of Directors, Hong Kong Institute of Chartered Secretaries or other course providers approved by the Listing Department of the Stock Exchange ("**Training Requirement**").

Mr. Liu confirmed that he had satisfied the Training Requirement by completing a 24-hour director training programme ("**24-Hour Programme**") offered by The Hong Kong Institute of Directors as required under the Training Requirement prior to his appointment as an independent non-executive Director on 21 May 2024. The 24-Hour Programme covered various topics in relation to compliance of the Main Board Listing Rules, including but not limited to corporate governance, notifiable transactions, connected transactions, duties of directors of listed companies, market misconduct, inside information and conflict of interest.

## SENIOR MANAGEMENT

**Mr. Xi Bin (奚斌)**, aged 50, joined our Group in October 2011. He was appointed as a Director on 31 March 2017 and became our executive Director on 1 April 2017 and resigned as executive Director on 5 December 2023. He is responsible for managing and overseeing the operations and sales function of our Group, but has remained as the chief executive officer of our Group. Mr. Xi is a director of various subsidiaries of the Company.

Mr. Xi has over 23 years of experience in the textile industry. From April 1997 to November 2007, Mr. Xi worked as the merchandising manager of Dongguan Julong Textile Company Limited\* (東莞聚龍製衣有限公司), a company engaging in textile-related business, responsible for sales and marketing. From January 2007 to November 2016, Mr. Xi worked as general manager in Zhuhai Zhaotian Trading, a sourcing agent, responsible for its overall operation. Mr. Xi graduated from Xidian University (西安電子科技大學) in the PRC with a Bachelor of Business Administration in March 2011. Mr. Xi was awarded the degree of Master of Business Administration in November 2016 by China Europe International Business School (中歐國際工商學院) in the PRC.

**Mr. Li Yanmin (李彥敏)**, aged 60, joined our Group in May 2015 as deputy general manager and human resources controller. He is responsible for operating and overseeing the human resources department of our Group.

From November 2004 to July 2010, he was employed by Fu Yu Precision Component (Kun Shan) Co., Ltd.\* (富鈺精密組件(昆山)有限公司), a company engaging in electronic research & processing, with his last position as human resources officer, responsible for human resources management. From July 2010 to February 2012, he worked at PanAsialum (China) Company Limited\* (滎陽鋁業(中國)有限公司), a company engaging in aluminium trading, as the assistant chief executive officer, responsible for overall operation support to the management.

Mr. Li graduated from Central South University of Technology (中南工業大學) with a Bachelor of Engineering (Mining Engineering), specialising in engineering surveying in July 1988.

## COMPANY SECRETARY

Mr. Yuen Shing Him (袁承謙) was appointed as the company secretary of the Company on 10 December 2024. Mr. Yuen has over 14 years of experience in accounting, auditing, corporate finance and company secretarial matters. He served as the company secretary of Upbest Group Limited (stock code: 335), a company whose shares are listed on the Main Board of the Stock Exchange, from 1 March 2018 to 17 November 2021. Mr. Yuen obtained a degree of Bachelor of Business Administration in Accountancy from The Hong Kong Polytechnic University and a degree of Master of Corporate Governance (with Distinction) from The Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants and an associate of The Hong Kong Chartered Governance Institute.

# Corporate Governance Report

## INTRODUCTION

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code in Appendix C1 to the GEM Listing Rules (the "**CG Code**"). During FY2025 and up to the date of this report, the Company has complied with all the applicable code provisions of the CG Code. For the purpose of this Corporate Governance Report, references to a provision in the CG Code are references to such then prevailing provisions.

## CULTURES AND VALUES

Well-established corporate culture across the Group is integral to attaining the Group's vision and strategy. The Board would foster a corporate culture with the following core principles and ensure that the Group's vision, values, and strategies are aligned.

### **Business Strategies:**

The Group's target is to keep innovating and pursuing excellence with a view to delivering good quality products to the customers' satisfaction. Distinguishing us from its competitors would enhance the customer's loyalty to the Group.

### **Integrity:**

The Group strives to maintain high standards of business ethics and corporate governance across all activities and operations of the Group. The Directors, senior management, and employees are all required to act lawfully, ethically, and responsibly. The staff handbook of the Group sets out the required standards and norms, including the code of conduct, for all staff. Frequent training is conducted regularly to reinforce the required standards and norms in respect of ethics and integrity. The Group also established and implemented the anti-corruption policy and the whistleblowing policy to enhance the awareness of internal corporate justice.

### **Commitment:**

The Group's strategy in business development and management is to achieve long-term, steady and sustainable growth while taking due considerations into environmental, social, and governance aspects.

## THE BOARD

### **Responsibilities**

The Board is entrusted with the overall responsibility for promoting the success of the Company by providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations. The Board is responsible for all decision-making in respect of all major matters of the Company, including the approval and monitoring of all policy matters (including ESG policy and Whistle blowing policy), overall strategies and budgets, internal control systems, risk management systems, material transactions (in particular those which may involve conflict of interests), financial information, change of Directors, ad hoc projects and other significant financial and operational matters. The Board has the full support of the management of the Group to discharge its responsibilities.

# Corporate Governance Report

## THE BOARD *(Continued)*

### Responsibilities *(Continued)*

The day-to-day management, administration and operation of the Company are currently delegated to the executive Directors by the Board and the senior management of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions. All Directors have full and timely access to all relevant information of the Company, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent advice in appropriate circumstances at the Company's expense, upon making request to the Board.

In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this corporate governance report.

The Company has arranged appropriate liability insurance coverage for all the Directors and officers of the Group, including company securities, employment practices, regulatory crisis event, investigation, litigation, tax liabilities and public relation, etc., which is reviewed by the Board on a regular basis.

### Composition

The nomination committee of the Board (the "**Nomination Committee**") ensures that the Board boasts balance of skills, experiences, qualifications and diversified perspectives in relation to business and development of the Company. The current composition of the Board consists of two (2) executive Directors, two (2) non-executive Directors ("**NED(s)**") and three (3) independent non-executive Directors ("**INED(s)**"). INEDs are responsible for exercising independent judgment on various Board decisions. The Directors during the year ended 31 December 2025 and up to the date of this report were:

#### **Executive Directors**

Mr. Li Jian  
Mr. Chen Simon Guomin

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

Mr. Wong Kai Hung Kelvin (*Chairman*) (re-designated from executive Director to NED on 19 December 2025)  
Mr. Hung Yuk Miu

#### **Independent non-executive Directors**

Mr. Ng Wing Heng Henry  
Dr. Chan Yee Wah  
Mr. Liu Mingfang

The current term of appointment of Mr. Li Jian and Mr. Chen Simon Guomin, each an executive Director, is for a continuous term commencing from 28 August 2023 and 14 November 2023 respectively, all subject to retirement and re-election in accordance to the articles of association of the Company (the "**Articles**") and the GEM Listing Rules. The appointments are terminable by either the Company or the executive Director giving each other three-month notice in writing. Mr. Ng Wing Heng Henry, an INED, has entered into a letter of appointment with the Company for a term of three (3) years commencing on 23 April 2024, and each of Dr. Chan Yee Wah and Mr. Liu Mingfang, each an INED, has entered into a letter of appointment with the Company for a continuous term commencing on 5 December 2023 and 21 May 2024 respectively.

# Corporate Governance Report

## THE BOARD *(Continued)*

### Composition *(Continued)*

The current term of appointment that of Mr. Wong Kai Hung Kelvin and that of Mr. Hung Yuk Miu, each a non-executive Director, is for a term of three (3) years commencing from 1 April 2023 and 1 November 2023.

Pursuant to Articles 84(1) and 84(2) of the Articles, each of Mr. Li Jian, Mr. Chen Simon Guomin and Mr. Liu Mingfang will retire from the office of Director by rotation and shall, being eligible for re-election at the forthcoming annual general meeting of the Company to be held on Friday, 12 June 2026 (the “**2026 AGM**”), offer themselves for re-election at the 2026 AGM.

The participation of INEDs in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group’s strategies, performance, conflicts of interests and management process to ensure that the interests of all shareholders of the Company (the “**Shareholders**”) have been duly considered. Each of the INEDs has confirmed in writing his or her independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules and the Board and the Nomination Committee considered that all INEDs are independent.

There is a balance of skills and experiences for the Board, which is appropriate for the Company’s business. The Directors’ biographical information is set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report.

Each of the Board members has no financial, business, family or other material/relevant relationships with each other.

The list of current Directors (by category) is also disclosed in this report and all corporate communications are issued by the Company pursuant to the GEM Listing Rules from time to time. The Company also maintains on its website ([www.webx.info](http://www.webx.info)) and on the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) an updated list of current Directors (by category) identifying their roles and functions.

## CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to code provision C.1.4 of CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant.

It is the Company’s practice to have each newly appointed Director to receive comprehensive, formal and tailored induction at time around the first occasion of his appointment, so as to ensure that he/she has appropriate understanding of the Group structure, Board and Board committee meetings procedures, business, management and operations of the Group, etc. and that he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and applicable regulatory requirements.

Besides, the Company keeps circulating information and materials to develop and update Directors’ knowledge and skills as and when appropriate. All the information and materials are relevant to the Group’s business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors’ duties and responsibilities. There are also arrangements in place for providing continuing briefing and professional development to each Director to ensure that they have a proper understanding of the Company’s operations and business and are fully aware of their responsibilities under common law, rules and regulations and the Company’s policies. All Directors are encouraged to attend relevant training courses at the Company’s expense. The Company Secretary is responsible for keeping records of training taken by each Director.

# Corporate Governance Report

## CONTINUOUS PROFESSIONAL DEVELOPMENT *(Continued)*

The individual training record of each Director received during the year ended 31 December 2025 is set out below :

	<b>Attending training course(s) relevant to Laws and the GEM Listing Rules</b>	<b>Reading materials relevant to the updates on the GEM Listing Rules including corporate governance</b>
<b>Executive Directors</b>		
Mr. Li Jian	✓	✓
Mr. Chen Simon Guomin	✓	✓
<b>Non-executive Directors</b>		
Mr. Wong Kai Hung Kelvin <i>(Chairman)</i> (re-designated as NED on 19 December 2025)	✓	✓
Mr. Hung Yuk Miu	✓	✓
<b>Independent non-executive Directors</b>		
Mr. Ng Wing Heng Henry	✓	✓
Dr. Chan Yee Wah	✓	✓
Mr. Liu Mingfang	✓	✓

## BOARD MEETINGS

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year for reviewing and approving financial statements, operating performance, budgets, rules and regulations, announcements and circulars issued by the Company and considering and approving the progress of the various on-going projects, the overall strategies and policies of the Company. Additional meetings would be arranged if and when required. Formal Notice of at least 14 days will be given in respect of a regular meeting. For ad hoc Board meeting, reasonable notice will be given. Annual meeting schedules of each meeting of the Board and for the audit committee (the **"Audit Committee"**), the Nomination Committee, the remuneration committee (the **"Remuneration Committee"**) and the corporate governance committee (the **"Corporate Governance Committee"**) of the Board (each a **"Committee"** together (the **"Committees"**)) are normally made available to Directors in advance. Board members are provided with all agenda and adequate information for their review before the meetings. The Board and Committee members are provided with comprehensive meeting papers and relevant materials within a reasonable period of time in advance of the intended meeting date (in any event no less than 3 days before the date of the meeting). These meeting papers and relevant materials are in form and substance sufficient to enable the Board/Committee members to make informed decisions on matters to be considered by them. Queries raised by Board/Committee members would receive a prompt and full response, if possible. All Directors and the Committee members are given opportunities to include matters in the agenda for regular Board and Committee meetings if they so wish. To facilitate the decision-making process, the Directors and the Committee members are free to have access to management for enquiries and to obtain further information, when required.

# Corporate Governance Report

## BOARD MEETINGS *(Continued)*

After the meeting, draft minutes are circulated to all Directors and Committee members for comments. Minutes of Board meetings and Committees' meetings are kept by the Company Secretary and are available for inspection by the Directors at all times.

The minutes of the Board/Committee meetings contain detailed records of all the issues considered and the decisions made by the Directors or, as the case may be, the committee members.

Directors and Committee members may participate either in person or through electronic means of communications. Directors and Committee members are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at meetings. Directors and Committee members who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. The individual attendance records of each Director at the meetings of the Board and the Committees held during the year ended 31 December 2025 are set out below :

Name of Directors	Attendance record of Directors at the meetings					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	General meeting
Mr. Wong Kai Hung Kelvin	4/6	N/A	1/2	1/2	N/A	1/1
Mr. Li Jian	6/6	N/A	N/A	N/A	N/A	1/1
Mr. Chen Simon Guomin	6/6	N/A	N/A	N/A	N/A	1/1
Mr. Hung Yuk Miu	4/6	N/A	N/A	N/A	N/A	0/1
Mr. Ng Wing Heng Henry	6/6	2/2	2/2	2/2	N/A	1/1
Dr. Chan Yee Wah	6/6	2/2	N/A	2/2	N/A	1/1
Mr. Liu Mingfang	6/6	2/2	2/2	N/A	N/A	1/1

Besides the above Board meetings, the Chairman of the Board, Mr. Wong Kai Hung Kelvin held a meeting with the INEDs without the presence of other Directors during FY2025.

Apart from the said meetings, matters requiring Board approval were also arranged by means of circulation of written resolutions of all Board members.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the chairman of the Board and chief executive officer to ensure a balance of power and authority. The responsibilities of the chairman of the Board and the chief executive officer are clearly defined. The roles of chairman and chief executive officer of the Company are separate and not performed by the same individual to avoid power being concentrated in any one individual. Mr. Wong Kai Hung Kelvin was the chairman of the Board who provides leadership for the Board and ensures that the Board works effectively, performs its responsibilities and discusses all key and appropriate issues in a timely manner. Mr. Wong is also responsible for, amongst other matters, drawing up and approving the agenda for each board meeting; taking into account matters proposed by the other directors for inclusion in the agenda and ensuring that good corporate governance practices and procedures are established. Mr. Xi Bin was the chief executive officer of the Company who is responsible for the day-to-day management of the Company's business throughout the year.

# Corporate Governance Report

## BOARD COMMITTEES

The Board has established four Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee, for overseeing different aspects of the Company's affairs. All Committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.webx.info](http://www.webx.info). All Committees should report to the Board on their decisions or recommendations made. All Committees are provided with sufficient resources to perform their duties, including support from the external auditor and legal counsel, and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense. The Board would resolve to provide separate independent professional advice to directors to assist them in performing their duties to the Company if needs be.

## AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference adopted on 23 April 2018. The terms of reference of the Audit Committee, which was updated on 1 January 2019, is currently made available on the Stock Exchange's website and the Company's website.

The Audit Committee is delegated with the authority from the Board to provide independent oversight of the Group's financial reporting, risk management and internal control systems, and the adequacy of the external audits.

The Audit Committee currently consists of three (3) INEDs, namely Mr. Ng Wing Heng Henry, Dr. Chan Yee Wah and Mr. Liu Mingfang. Mr. Ng Wing Heng Henry, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules currently serves as the chairman of the Audit Committee.

Pursuant to the terms of reference of the Audit Committee and code provision D.3.3 of the CG Code, the members of the Audit Committee should meet to consider the budget, revised budget, interim report and annual report before submission of the same to the Board and meet the external auditors at least twice a year.

For the year ended 31 December 2025, the members of the Audit Committee met the external auditors twice, fulfilling the requirement under code provision D.3.3 of the CG Code. During the year ended 31 December 2025, the individual attendance records of each member at the meeting of the Audit Committee is set out on page 21 of this annual report. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

## Highlights of the Committee's Work in 2025

During the year ended 31 December 2025, two (2) meetings were held by the Audit Committee, both with the presence of the external auditor. The work performed by the Audit Committee during the year ended 31 December 2025 included, but not limited to, discussing and reviewing the following before recommending them to the Board for consideration and approval:

- a. the interim and annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;
- b. the risk management and internal control system of the Group;
- c. the re-appointment of external auditor;
- d. the adequacy and effectiveness of the Group's risk management and internal control systems and its accounting, financial reporting and internal audit functions;

# Corporate Governance Report

## AUDIT COMMITTEE (Continued)

### Highlights of the Committee's Work in 2025 (Continued)

- e. the significant findings of the internal audit and external auditor and management's response to their recommendations;
- f. the Company's continuing connected transactions and related parties transactions for the year ended 31 December 2025 pursuant to the GEM Listing Rules; and
- g. the amendment of the policies of (i) the Anti-Corruption Policy ; (ii) the Whistle-blowing Policy ; (iii) the Board Diversity Policy ; (iv) Shareholder Communication Policy ; (v) Supplier's Code of Conduct; (vi) Climate Change Strategy ; and (vii) Terms of Reference of ESG Working Group.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the year ended 31 December 2025 and up to the date of this report.

## AUDITOR'S REMUNERATION

During the year ended 31 December 2025, the fee paid/payable to auditor in respect of audit service and/or non-audit services provided by the auditor to the Group was as follows:

Nature of services	2025 HK\$'000	2024 HK\$'000
Audit services	650	615
Non-audit services	–	–

## NOMINATION COMMITTEE

The Nomination Committee is delegated with the authority from the Board to formulate and implement the policy for nominating Board candidates for election by Shareholders. To ensure that independent views and input of the INEDs are made available to the Board, the Nomination Committee and the Board are committed to assessing INEDs' independence annually by considering:

- (1) Declaration of conflict of interest in their roles as INEDs; and
- (2) Time commitment and attention to the Company's affairs.

The Company also has a board diversity policy (the "**Board Diversity Policy**") and a nomination policy (the "**Nomination Policy**") in place. The Nomination Policy aims at applying the principles of the Board Diversity Policy and other provisions under the GEM Listing Rules to improve transparency of the process and criteria adopted by the Nomination Committee in selecting and recommending candidates to the Board on the appointment or re-appointment of Directors (including NED and INED(s)).

In identifying candidates qualified to become members of the Board, the Nomination Committee will give adequate consideration to the Board Diversity Policy and the Nomination Policy. While all Board appointments will continue to be made on a merit basis, a number of factors will also be taken into account, including but not limited to age, skills, regional and industry experience, cultural and educational background, race, gender and other qualities so as to ensure that the Board boasts a balance of skills, experiences as well as a diversity of perspectives. In forming its perspective on diversity, the Nomination Committee will also take into account factors based on the Company's own business model and specific needs from time to time.

# Corporate Governance Report

## **NOMINATION COMMITTEE** *(Continued)*

The Nomination Policy and the Board Diversity Policy are reviewed and shall continue to be reviewed annually to ensure its effectiveness. The Nomination Committee would make recommendations (if any) on any proposed changes to the Board to complement the Company's corporate strategy.

The Board currently has one female Director, Dr. Chan Yee Wah. During the year ended 31 December 2025, the Nomination Committee was satisfied with the diversity of the existing Board composition and did not, for the time being, set up any measurable objective regarding board diversity. The Company is committed to providing equal opportunities pursuant to the Nomination Policy and the Board Diversity Policy and selecting suitable candidates objectively, and will continue to ensure that qualified female candidates are given equal consideration alongside male counterparts. By placing such emphasis on gender diversity in succession planning, the Company will ensure that a diverse pipeline of candidates for appointment to the Board will be available when vacancies arise.

The Company is also committed to achieving gender diversity across the workforce. The details of the gender ratio in the workforce (including senior management) are disclosed in the section headed "Environmental, Social and Governance Report" of this annual report. The Group's strategy of talent acquisition is to employ the appropriate staff for a suitable position regardless of gender, upholding a fair, equitable and transparent recruitment process. Leadership positions at various departments of the Group are taken up by staff of different genders, and in the interests of enhancing efficiency, the Company has not set a measurable objective for achieving gender diversity at workforce level. Nonetheless, on a merit-based policy, the Company is committed to providing equal and fair treatment to all employees, encompassing areas such as recruitment, remuneration, training, promotion, dismissal, retirement, and other aspects of employment.

As to the right to nominate, both the Directors and the Shareholders may nominate person(s) to be appointed as a Director. Upon assessing the merits and the independence of INEDs by the Nomination Committee, the Nomination Committee will make recommendations to the Board. For detailed nomination procedures, please refer to the Nomination Policy and the nomination procedure of the Company uploaded on the Company's website and the Stock Exchange's website.

The Nomination Committee consists of one (1) non-executive Director, namely Mr. Wong Kai Hung Kelvin, and two (2) INEDs, namely Dr. Chan Yee Wah and Mr. Ng Wing Heng Henry. Dr. Chan Yee Wah currently serves as the chairwoman of the Nomination Committee. The primary duties of the Nomination Committee include, among other things, making recommendations on any proposed changes to the Board to complement our Company's corporate strategies.

### **Highlights of the Committee's Work in 2025**

During the year ended 31 December 2025, the Nomination Committee held two (2) meetings. The work performed by the Nomination Committee during the year ended 31 December 2025 included, but was not limited to, discussing and reviewing the following before recommending them to the Board for consideration and approval:

- a. structure, size, and diversity of the Board, in particular, the completion of the targets and timelines for achieving gender diversity at the workforce level and Board level;
- b. individuals suitably qualified for appointment as Director;
- c. succession planning for the Directors, senior management, and key staff of the Group;
- d. independence of the Independent Non-executive Directors;
- e. re-election of retiring Directors at the 2026 AGM, including the assessment of the ability to devote sufficient time to the Board and the length of service of the proposed independent Non-executive Directors according to the requirements of the GEM Listing Rules; and
- f. appointment of a new independent non-executive Director.

# Corporate Governance Report

## CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is also responsible for, among others, performing the corporate governance duties as set out in the code provision A.2.1 of the CG Code, which include:

- a. developing and reviewing our Group's policies and practices on corporate governance and making appropriate recommendations to the Board;
- b. reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- c. reviewing and monitoring our Group's policies and practices on compliance with legal and regulatory requirements;
- d. developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
- e. reviewing our Group's compliance with the provisions of the CG Code and disclosure in the corporate governance report.

The Corporate Governance Committee currently consists of one (1) non-executive Director, Mr. Wong Kai Hung Kelvin and two (2) INEDs, namely, Mr. Ng Wing Heng Henry and Mr. Liu Mingfang. Mr. Wong Kai Hung Kelvin currently serves as the chairman of the Corporate Governance Committee.

### Highlights of the Committee's Work in 2025

The Board is responsible for performing the corporate governance duties set out in the CG Code. During the year ended 31 December 2025, the members of the Corporate Governance Committee have fulfilled the requirement of code provision A.2.1 and reviewed and supervised from time to time the training and continuous professional development of the Directors; reviewing and monitoring the code of conduct and compliance with legal and regulatory requirements and reviewing the Company's compliance with the CG Code and disclosure in this report.

## REMUNERATION COMMITTEE

The Remuneration Committee is delegated with the authority from the Board to establish, review, and make recommendations to the Board on the Group's remuneration policy and practices. The Remuneration Committee ensures that all employees and Directors are appropriately remunerated in accordance with the Group's strategy as well as its long-term and short-term performance.

The Remuneration Committee consists of one (1) non-executive Director, namely Mr. Wong Kai Hung Kelvin, and two (2) INEDs, namely Mr. Ng Wing Heng Henry and Mr. Liu Mingfang. Mr. Liu Mingfang currently serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, among other things, making recommendation to the Board on our Group's policy and structure for all Directors' and senior management's remuneration, on the establishment of a formal and transparent procedure for developing remuneration policy and on the remuneration packages of individual executive Directors and senior management. The Remuneration Committee is also responsible for assessing the performance of the Directors and approving the terms of their service contracts and will also review any share schemes that the Company may adopt in the future on an annual basis.

# Corporate Governance Report

## REMUNERATION COMMITTEE *(Continued)*

### Remuneration Policy

The emolument of the Group's employees is mainly determined based on (i) the prevailing market level of remuneration, (ii) the individual performance and (iii) their working experience.

The Company formulates the remuneration policy to retain and attract the executive staff to achieve the success of the Group and to encourage the executive staff to pursue appropriate growth strategies while taking into account the performance of individual staff and their job duties and responsibilities. The Group should conduct a performance review and formal assessments at least once a year to review the Group employees' overall performance, achievements, and room for improvement.

The remuneration policies of the executive Directors and senior management of the Company are determined with reference to various factors including (i) qualification, performance, and personal abilities; (ii) the position and duty of the executive; (iii) the prevailing market level of remuneration; and (iv) the financial performance of the Group. The Group should conduct an annual review in order to offer a reasonable remuneration package to attract, retain and motivate the Directors and senior management to serve the Group.

The Directors' fee of independent non-executive Directors is determined with reference to their respective duty and responsibility in the Company and is reviewed annually.

### Highlights of the Committee's Work in 2025

During the year ended 31 December 2025, the Remuneration Committee held two (2) meetings. The work performed by the Remuneration Committee during the year ended 31 December 2025 included, but not limited to, discussing and reviewing the following before recommending the same to the Board for consideration and approval:

- a. the policy and structure for the remuneration of Directors and senior management of the Group;
- b. the annual salary increment and remuneration packages for executive Directors;
- c. the Directors' fees, in particular, the Directors' fees for the independent non-executive Directors and the new Directors;
- d. the delegation of the rights to the executive Directors to determine senior management's salary package on a reasonable basis; and
- e. the remuneration package of the Company Secretary of the Group before his appointment.

Pursuant to the code provision E.1.5 of the CG Code, the remuneration of the members of the Board and senior management by band for the FY2025 is set out below :

Remuneration Band	Number of Individuals
Nil to HK\$1,000,000	8
HK\$1,000,001 to HK\$2,000,000	1

# Corporate Governance Report

## REMUNERATION COMMITTEE *(Continued)*

### Highlights of the Committee's Work in 2025 *(Continued)*

Of the five individuals with the highest emoluments, four of them (FY2024: 4) were directors and the chief executive officer of the Company. Details of the remuneration of each Director and the five individuals with the highest emoluments in the Group for the year ended 31 December 2025 are set out in notes 11 and 12 to the consolidated financial statements, respectively.

## COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board. The Company Secretary is responsible for advising the Board on the corporate governance matters and facilitating induction and professional development of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Mr. Yuen Shing Him was the Company Secretary since 10 December 2024. For the professional qualifications of Mr. Yuen, please refer to the section headed "Biographical Details Of Directors And Senior Management" in this report. Mr. Yuen had complied with all the required qualifications, experiences and training requirements under the GEM Listing Rules. During the year ended 31 December 2025, the Company Secretaries have complied with the GEM Listing Rules by taking not less than 15 hours of relevant professional training.

### Directors' Responsibility in Respect of the Financial Statements

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

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The responsibilities of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements are set out in the Independent Auditor's Report on pages 77 to 81 in this report.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "**Securities Dealing Code**"). Having made specific enquiry, all Directors have confirmed that they have complied with the Securities Dealing Code for the year ended 31 December 2025 and up to the date of this report.

Besides, the Company has adopted internal control policy in relation to the disclosure of inside information of the Company (the "**Inside Information Policy**").

No incident of non-compliance of the Securities Dealing Code and/or the Inside Information Policy was noted by the Company for the year ended 31 December 2025 and up to the date of this report.

# Corporate Governance Report

## INTERNAL AUDIT FUNCTION

The Group has not established a standalone internal audit department. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal policies to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations and (ii) the Group engaged an external consultant to perform an internal review on certain scope. The internal audit review report is submitted to the Audit Committee for review.

The Group considers that the existing organisation structure and close supervision by management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board reviews annually the need to set up an internal audit function by assessing the size, nature and complexity of the business of the Group from time to time and may set up an internal audit team if the need arises.

## Whistleblowing Policy

The Company has adopted a whistleblowing policy, Whistle-blowing channels are set up for employees to report anonymously any violation of the ethical standards that our Group pursues. Whistleblowing Policy is subject to review by the Board and the management as and when appropriate to ensure its continued effectiveness.

## Anti-corruption Policy

The Company has adopted an anti-corruption policy which sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption and demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its operations. The Group monitors its activities to ensure full compliance with anti-bribery and anticorruption laws and regulations, while consistently updating our related internal policies.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business (but not to eliminate all such risks) to an acceptable level, with a view to achieving business objectives and providing reasonable assurance against material misstatement, loss or fraud.

The Company does not have an internal audit function and the Board has entrusted the Audit Committee with the responsibility to oversee risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function as well as those relating to the Company's ESG performance and reporting. The review covered all material controls, including financial, operational, compliance controls and risk management functions.

During FY2025, the Board, through its review, was of the view that the risk management functions and the internal control systems of the Group were effective and adequate.

# Corporate Governance Report

## INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

### Main features of the risk management and internal control systems

For the year ended 31 December 2025, the management assessed that there were no significant changes in the Group's risks (including ESG risks), and the management considered they have such ability to respond to the change in its business and the external environment.

The Group's risk governance structure and the main responsibilities of each level of the structure are summarised below:

#### **Board/Audit Committee**

- evaluates and determines the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensures the implementation of an effective risk management and internal control systems; and
- oversees the management in the design, implementation and monitoring of the risk management and internal control systems.

#### **Management**

- designs, implements and monitors the risk management and internal control systems;
- identifies and assesses the risks which threaten the achievement of the strategic objectives;
- reviews the risk areas and risk level;
- advises on matters raised by employees and the Company ;
- adheres to and complies with relevant laws, rules and regulations;
- maintains reliable financial and accounting records in accordance with relevant accounting standards and regulatory reporting requirements;
- coordinates and promotes risk management by ensuring that risk and activities processes are operated efficiently and effectively and are in compliance with the GEM Listing Rules; and
- reports periodically to the Board.

### Process Used to Identify, Evaluate and Manage Significant Risks

The Group's risk assessment processes are summarised as follows:

#### **Risk Identification**

- Identifies the risks through discussion with the management and directors of subsidiaries of the Company.

# Corporate Governance Report

## INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

### Process Used to Identify, Evaluate and Manage Significant Risks *(Continued)*

#### **Risk Assessment**

- Determines the existing controls and analyses risks in terms of consequence and likelihood in the context of those controls. The analysis considers the range of potential consequences and how likely those consequences are to occur. Consequences and likelihood are combined to produce an estimated level of risk.

#### **Risk Response**

- Categorises the risks into low risk, medium risk and high risk;
- Determines the strategy to handle the risk; and
- Develops the risk register and internal control audit plan and determines the frequency of review and control testing on key controls.

#### **Risk Monitoring and Reporting**

- On-going communication of monitoring results to the Board which enables it to assess control of the Group and the effectiveness of risk management during the Year, including:
  - (i) risk questionnaires completed by the management, risk register and internal control audit plan; and
  - (ii) fact finding report with recommendations on the review and testing of internal controls on certain operating cycles and areas.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorised use of inside information and has communicated that to all staff ; the Board is aware of its obligations to announce any inside information in accordance with the GEM Listing Rules and conducts the affairs with reference to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission in June 2012. In addition, only the Directors and delegated officers can act as the Group’s spokesperson and respond to external enquiries about the Group’s affairs. In this regard, the Company has adopted the Inside Information Policy as discussed above.

During the year ended 31 December 2025, the Board has conducted its regular and annual review of the effectiveness of our risk management and internal control systems, in particular, the operational and financial reports, compliance control and risk management reports, budgets and business plans provided by management. The Audit Committee also performs regular review of the Group’s performance, risk management and internal control systems and discusses with the Board, in order to ensure effective measures are in place to protect material assets and identify business risks of the Group. The Board’s annual review also considered the scope and quality of management’s ongoing monitoring of risks (including ESG risks) and of the internal control systems and the work of the external consultant engaged by the Group to perform internal review, the extent to and the frequency of communication of monitoring results to the Board, significant control failings or weakness that have been identified during the year ended 31 December 2025 and the effectiveness of the Company’s processes for financial reporting and GEM Listing Rules compliance. Such review during the year ended 31 December 2025 did not reveal any major issues and the Board considers the risk management functions and the internal control systems are effective and adequate.

# Corporate Governance Report

## INVESTOR RELATIONS

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

To promote effective communication, the Company maintains a website at "www.webx.info" as a communication platform with Shareholders and investors, where extensive information and updates on the Group's financial information, corporate governance practices and other information, such as annual reports, interim reports and quarterly reports and announcements, are available for public. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

Shareholders are encouraged to attend the general meetings of the Company and the Directors would always make efforts to fully address any questions raised by the Shareholders at the annual general meetings of the Company. The chairman of the Board will attend the annual general meetings to answer Shareholders' questions. The auditor of the Company will also attend the annual general meetings to answer questions about the conduct of the audit.

The 2026 AGM of the Company will be held on 12 June 2026, the notice of which shall be sent to the Company's shareholders in due course.

The Company continues to enhance communication and relationship with Shareholders and investors. Designated management of the Company maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

### Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 58 of the Articles, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS *(Continued)*

### Convening of extraordinary general meeting and putting forward proposals *(Continued)*

The requisition must be deposited for the attention of the Board or the Company Secretary at the principal place of business of the Company in Hong Kong from time to time or the registered office of the Company in the Cayman Islands at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Board or the Company Secretary at our principal office in Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

The Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Address: Units 05-06, 33rd Floor, Bank of America Tower, No.12 Harcourt Road, Hong Kong  
Phone no.: (852) 3611 0268  
Email: ir@smart-team.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business, performance and strategies. The Company endeavors to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The chairman of the Board, the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries.

The Board has reviewed the implementation of the shareholders' and investors' communication policy during FY2025. The Board confirms the effectiveness of the communication policy and will continue to review the communication policy annually.

# Corporate Governance Report

## DIVIDEND POLICY

The Company has adopted a dividend policy (the “**Dividend Policy**”) with effect from 1 January 2019. The Dividend Policy is subject to annual review by the Remuneration Committee. Declaration and payment of dividends by the Company is subject to compliance with the applicable law and regulations including the laws of the Cayman Islands and the Articles of the Company. The Dividend Policy sets out the factors that the Board will take into account in deciding the declaration of interim dividends, special dividends and final dividends such as the level of cash and retained earnings, the actual and projected financial performance, the projected levels of capital expenditure and other investment plans etc. The Dividend Policy aims at enhancing transparency of the Company and facilitating the Shareholders and investors to make informed investment decisions relating to the Company.

The dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Board:

- the level of cash and retained earnings;
- the actual and projected financial performance;
- the projected levels of capital expenditure and other investment plans; and
- restrictions on payment of dividends imposed on our Group by its financing arrangement (if any).

## CONSTITUTIONAL DOCUMENTS

A copy of the Articles is posted on the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.webx.info](http://www.webx.info)).

There had been no changes to the Articles during FY2025.

On behalf of the Board

### **Wong Kai Hung, Kelvin**

*Chairman and Non-Executive Director*

27 March 2026

# Directors' Report

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in sales of functional knitted fabrics and apparel and cloud-based computing and internet traffic services.

Details of the principal activities of the subsidiaries of the Company are set out in note 30 to the consolidated financial statements. A fair review of the business of the Group during FY2025, particulars of important events affecting the Group during FY2025, and an analysis of the Group's performance using financial key performance indicators are provided in the sections headed "Chairman Statement" and "Management Discussion and Analysis" and note 6 to the consolidated financial statements in this report. Description of the principal risks and uncertainties faced by the Group can be found throughout this report, particularly in the section headed "Management Discussion and Analysis – Principal Risks and Uncertainties Facing the Group" of this report. Also, the financial risk management of the Company can be found in note 28(b) to the consolidated financial statements. These discussions form part of this report of the Directors. In addition, discussions on the Group's environmental policies and performance, the Group's compliance with relevant laws and regulations and the Group's relationships with its key stakeholders are also provided in the following sub-sections of this report of the Directors. For future business development, the Group will strengthen its position in research and development of the new functional fabrics as well as expanding different markets and strengthening the marketing and sales efforts to attract new customers. An indication of likely future developments in the Group's business is also provided in the sections headed "Chairman Statement" and "Management Discussion and Analysis" in this report.

## FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the five years ended 31 December 2021, 2022, 2023, 2024 and 2025 as extracted from the consolidated financial statements is set out on page 4 of this report. This summary does not form part of the audited consolidated financial statements of the Group.

## RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

The Board did not recommend the payment of final dividend for the year ended 31 December 2025 (2024: nil).

## PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements of this annual report.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 25 to the consolidated financial statements of this annual report.

## PRE EMPTIVE RIGHTS

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

## RESERVE

Details of movements in the reserves of the Company and the Group are set out in note 33(b) to the consolidated financial statements and the consolidated statement of changes in equity of this report respectively.

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution to Shareholders comprised of the share premium, capital reserve and retained profits with an aggregate amount of approximately HK\$91,464,000 (2024: HK\$49,610,000).

## REVIEW OF FINANCIAL INFORMATION

The Audit Committee comprises three INEDs, namely, Mr. Ng Wing Heng Henry, Dr. Chan Yee Wah, and Mr. Liu Mingfang. Mr. Ng Wing Heng Henry is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed the internal controls system, risk management system and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Group for the year ended 31 December 2025.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the aggregate sales attributable to the Group's largest customer and the five largest customers accounted for approximately 12.2% and 41.0% (2024: 17.6% and 61.2%) of the Group's total revenue for the year, respectively.

During the year ended 31 December 2025, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers accounted for approximately 15.6% and 58.6% (2024: 10.7% and 38.2%) of the Group's total purchase for the year, respectively.

At no time during the year ended 31 December 2025 that any of the Directors, their close associates or any Shareholders (to the best knowledge of the Directors who own more than 5% of the Company's issued share capital), has any interests in any of the above five largest customers and suppliers of the Group for the year ended 31 December 2025.

## RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers, customers and other stakeholders to meet its immediate and long-term goals. The Group firmly believes that the solid business relationship with its suppliers can facilitate long-term business development and growth. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

During the year ended 31 December 2025, there was no material and significant dispute between the Group and its employees, suppliers, customers and/or other stakeholders.

# Directors' Report

## RELATIONSHIP WITH KEY STAKEHOLDERS

### (i) Employees

Employees are the most valuable assets of the Group. The Group is willing to invest in employees by providing on-the-job training. The training programs cover the skill of management, sales and marketing, and quality control. Additionally, the Group emphasises the importance and necessity of cultivating an ethical culture inside a company.

The Group offers employees competitive remuneration packages comprising basic salary, staff quarters and performance-based bonus and implements a sound performance appraisal system with appropriate incentives to retain skilled and qualified employees.

The Group arranges department gatherings or team-building events to enhance staff communication and create a harmonious working environment.

### (ii) Suppliers

The Group has developed a long-standing cooperative relationship with a number of suppliers or sub-contractors. The Group requires the suppliers or subcontractors to abide by its anti-corruption policy, ESG commitments and supply chain quality control.

The Group carefully assesses and selects its suppliers and requires them to satisfy certain assessment criteria, including track record, experience, financial strength, reputation, capability to produce high-quality products, and quality control effectiveness. The Group has also incorporated environmental and social considerations into the supplier or sub-contractors' selection process.

### (iii) Customers

Efforts are taken to strengthen the relationship with the Group's existing customers and to develop cooperative relationships with potential customers. The Group works closely with such customers and adopts stringent quality control measures to ensure the quality and functionality of our products satisfy their needs and strictly comply with the ESG commitments made to customers.

The Group also maintains communication with its customers through participation in trade shows and industry exhibitions. The Group has established a set of procedures for handling customers' feedback or complaints on the products to maintain the product quality of the Group so as to build up customers' loyalty to the Group.

### (iv) Shareholders

The Group recognises the importance of protecting the Shareholders' interests and of maintaining effective communication with them. The Group believes that two-way communication with the Shareholders can enhance the quality and the effectiveness of information disclosure. Such two-way communication enables the Group to maintain regular dialogue with the Shareholders and, listen carefully to the views and feedback from the Shareholders. The Group has adopted such two-way communication through general meetings and has maintained communication with Shareholders through quarterly, interim and annual reports, and results announcements.

## DEED OF NON COMPETITION

Mr. Wong Kai Hung Kelvin and Cosmic Bliss Investments Limited ("**Cosmic Bliss**") (together, the "**Past Controlling Shareholders**"), have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under a deed of non-competition (the "**Deed of Non-Competition**") entered into between the Past Controlling Shareholders and the Company dated 23 April 2018 during the year ended 31 December 2025.

Mr. Wong Kai Hung Kelvin and Cosmic Bliss have ceased to be the controlling shareholders of the Company since 11 July 2023.

The INEDs have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the Past Controlling Shareholders during the year ended 31 December 2025.

# Directors' Report

## DIRECTORS

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

### Executive Directors

Mr. Li Jian  
Mr. Chen Simon Guomin

### Non-executive Directors

Mr. Wong Kai Hung Kelvin (*Chairman*) (re-designated from executive director to NED on 19 December 2025)  
Mr. Hung Yuk Miu

### Independent non-executive Directors

Mr. Ng Wing Heng Henry  
Dr. Chan Yee Wah  
Mr. Liu Mingfang

In accordance with the Articles, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. For details about the retirement and rotation of Directors, please refer to "Corporate Governance Report – The Board" of this annual report (pages 17 to 33).

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of all the Directors and senior management of the Company are set out on pages 13 to 16 of this annual report.

## INDEPENDENCE CONFIRMATION

The Company has received from each of the INEDs a written confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the INEDs as independent.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three (3) years which is subject to termination by either party giving not less than three months' written notice and subject to retirement and re-election in accordance with the Articles and the GEM Listing Rules. All of the executive Directors' service contracts, entered into between the Company and the respective Director have been reviewed by the Nomination Committee.

The Company has entered into a letter of appointment with the NEDs. The current term of appointment of the NEDs is for a term of three years commencing on 1 November 2023 and is subject to retirement and re-election in accordance with the Articles and terminable by either party by giving at least three months' written notice to the other.

Mr. Ng Wing Heng Henry, an INED, has entered into a letter of appointment with the Company for a term of three (3) years commencing on 23 April 2024, and each of Dr. Chan Yee Wah and Mr. Liu Mingfang, each an INED, has entered into a letter of appointment with the Company for a continuous term commencing on 5 December 2023 and 21 May 2024 respectively, all subject to retirement and re-election in accordance to the Articles and GEM Listing Rules and is terminable by either party by giving at least three months' written notice to the other.

None of the Directors being proposed for re-election at the 2026 AGM has a service contract or letter of appointment with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## EMOLUMENT POLICY, DIRECTORS' REMUNERATION AND PENSION SCHEME

As at 31 December 2025, the Group had 67 (2024: 73) employees. The emolument policy of the directors and senior management of the Group is formulated by the Remuneration Committee based on their merit, qualifications and competence. It is the Group's policy to compensate each employee fairly and equitably. The Group has a system for measuring employees' performance against agreed-upon goals with specific performance standards. Performance discussion is carried out on an ongoing basis and a formal evaluation is conducted at least once a year to review employees' overall performance, achievements, and areas in need of improvement. Salary review will be based on both Group's performance and individual performance and subject to the Group's discretion.

The emoluments of the Directors of the Company are generally recommended by the Remuneration Committee for approval by the Board, having regard to the Group's operating results, individual performance and comparable market statistics. All the emoluments of Directors have been reviewed and approved or ratified by the Remuneration Committee.

Details of the emoluments of the Directors of the Company are set out in note 11 to the consolidated financial statements of this annual report.

In accordance with the laws and regulations in the PRC, the Group has arranged for its PRC employees to join defined contribution plans, including pension, medical, unemployment, maternity and occupational injury insurance, and housing provident fund organised by the PRC government. The Group contributes funds calculated on a fixed percentage of the employee's salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. No forfeited contribution under the scheme is available to reduce the contribution payable in future years.

The Group has joined the Mandatory Provident Fund Scheme under the Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the Laws of Hong Kong) (the "**MPF Scheme**") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK\$1,500 per month. The funds of the MPF Scheme are held separately from those of the Group.

# Directors' Report

## SHARE SCHEME

During the years respectively ended 31 December 2024 and 31 December 2025, the Company did not have any share scheme which were required to be disclosed.

## MANAGEMENT CONTRACTS

No contract, other than employment contracts concerning management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year ended 31 December 2025.

## FULLY EXEMPT CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

### Provision of personal guarantees by a Chief Executive Officer and a director of a subsidiary of the Company

Mr. Xi Bin, is a director of a subsidiary of the Company and the Chief Executive Officer of the Group. He and his spouse are thus our connected persons. They have provided personal guarantees to secure the bank facilities granted to the Group during the year ended 31 December 2025. For details, please refer to notes 23 and 29(c) to the consolidated financial statements. The provision of personal guarantees constituted a connected transaction of the Group under Chapter 20 of the GEM Listing Rules. However, as the personal guarantees provided by Mr. Xi and his spouse were provided to the Group on normal commercial terms or better and were not secured by the assets of our Group, they were fully exempt from all annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### Provision of rental service by non-executive Director

Mr. Wong Kai Hung, Kelvin, a non-executive Director, is a controller of Leahander Investment Limited, a subsidiary of Leahander Group Limited, and thus a connected person of the Company.

Leahander Investment Limited has entered into an agreement with the Group to provide rental services for office premises (the "**Rental Service**") from 1 March 2025 to 28 February 2026, with an option for renewal for a further term of one year.

Such Rental Service constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the Rental Service is provided by Leahander Investment Limited to the Group on normal commercial terms and all the applicable percentage ratios under Chapter 20 of the GEM Listing Rules (calculated on an annual basis) are less than 0.1%, the continuing connected transaction is fully exempted from the annual review, reporting, announcement, and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Rental fee paid to Leahander Investment Limited in FY2025 was HK\$108,000 (FY2024: Nil), as set out in note 29(a) to the consolidated financial statements of the Company contained in this annual report.

## FULLY EXEMPT CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

(Continued)

### Provision of certain consultancy service by the non-executive Director

Proudy Limited, a company wholly owned by Mr. Hung Yuk Miu, a non-executive Director and thus a connected person of the Company, has entered into an agreement with the Group to provide certain consultancy service (the “**Consultancy Service**”) to the Group from 1 January 2020 for a term of 3 years. On 30 December 2022, the Consultancy Service Agreement has been renewed and extended for a term of 2 years from 1 January 2025 to 31 December 2026. Such Consultancy Service constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the Consultancy Service provided by Proudy Limited to the Group are on normal commercial terms and all the applicable percentage ratios under Chapter 20 of the GEM Listing Rules, on an annual basis, are less than 0.1%, the continuing connected transaction are fully exempted from all annual review, reporting, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules. The consultancy fee to Proudy Limited in FY2025 was HK\$120,000 (FY2024: HK\$120,000) as set out in note 29(a) to the consolidated financial statements of the Company contained in this annual report.

The Directors confirm that the related party transactions during FY2025 as disclosed in note 29 to the consolidated financial statements fall under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) but are fully exempt from all annual review, reporting, announcement and independent shareholders' approval requirements in accordance with Chapter 20 of the GEM Listing Rules.

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 29 to the consolidated financial statements and in the section headed “Fully Exempt Connected Transactions and Continuing Connected Transactions” in this report of the Directors, there were no transaction, arrangement, or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which any Director or any entities connected with a Director, the controlling Shareholder, the substantial Shareholders had a material interest, whether directly or indirectly, subsisted at the end of FY2025 or at any time during FY2025.

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) which are (a) 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 in which they are taken or deemed to have under such provisions of the SFO); (b) required to be recorded in the register required to be kept under section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

# Directors' Report

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE *(Continued)*

### Long Positions in the Shares or the ordinary shares of the associated corporations of the Company

Name of Director	Name of Group member/associated corporation	Capacity/nature of Interest	Total number of shares	Percentage of interest
Mr. Wong Kai Hung Kelvin ("Mr. Wong")	The Company	Beneficial Owner	5,000 Shares	0.00%
Mr. Li Jian	The Company	Beneficial Owner	89,495,000 Shares	14.00%
Mr. Chen Simon Guomin	The Company	Beneficial Owner	80,540,000 Shares	12.60%

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company nor their associates had registered an interest or short position in any shares or underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

### Directors' Rights to Acquire Shares and Debentures

At no time during the year ended 31 December 2025 and up to the date of this report was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement which would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executive of the Company, as at 31 December 2025, the following persons (other than Directors or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above) have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

### Long positions in the Shares of the Company

Name of person	Name of Group member	Capacity/nature of Interest	Number and class of securities	Percentage of interest
Ms. Li Yingyang	The Company	Beneficial Owner	56,035,000 Shares	8.77%
Mr. Yasir Ali (Note 1)	The Company	Interest in a controlled corporation	96,000,000 Shares	15.02%
Meta Tdex Technology LLC (" <b>Meta Tdex</b> ") (Note 2)	The Company	Beneficial Owner	96,000,000 Shares	15.02%
Abraham Strategies 2 Limited	The Company	Interest in a controlled corporation	63,000,000 Shares	9.86%
Mr. Gomez Abraham (Note 3)	The Company	Beneficial Owner	63,000,000 Shares	9.86%

#### Notes:

1. Mr. Yasir Ali is interested in 96,000,000 Shares through a controlled corporation. These 96,000,000 Shares are registered in the name of Meta Tdex, a company whose 60% of its issued share capital is owned by Mr. Yasir Ali. By virtue of the provisions in Part XV of the SFO, Mr. Yasir Ali is deemed to be interested in all the Shares held by Meta Tdex.
2. 60% of the issued share capital of Meta Tdex is owned by Mr. Yasir Ali.
3. 100% of the issued share capital of Abraham Strategies 2 Limited is owned by Abraham Strategies Limited, the entire issued share capital of which is owned by Mr. Gomez Abraham.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other person who had or deemed to have interests or short positions in the Shares and underlying Shares which has disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO.

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the existing Directors is currently in force and was in force throughout the year ended 31 December 2025. The Company has taken out directors' liability insurance that provides appropriate cover for the Directors.

# Directors' Report

## COMPETING INTERESTS

During the year ended 31 December 2025, none of the Directors or the then controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) is interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year ended 31 December 2025 or subsisted at the end of the year.

## PURCHASE, SALES OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the year ended 31 December 2025 and up to the date of this report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this annual report, the Company has maintained sufficient prescribed public float of not less than 25% of the issued Shares as required under the GEM Listing Rules.

## CORPORATE GOVERNANCE

Details of the principal corporate governance practices as adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 17 to 33 of this annual report.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operating in compliance with the applicable environmental laws as well as to protecting the environment by minimising the negative impact of the Group's existing business activities on the environment. For details, please refer to the sub-section headed "A. Environmental" under the section headed "Environmental, Social and Governance Report" on pages 46 to 76 of this annual report. To the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection for the year ended 31 December 2025.

## COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those having significant impact on the Group. The Board reviews and monitors the Group's policies and practices on compliance with legal and regulatory requirements on a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the year ended 31 December 2025 and up to the date of this annual report, to the best of the Company's knowledge, information and belief, having made all reasonable enquiries, the Group is not aware of any non-compliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended 31 December 2025. Details of the Company's compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in the GEM Listing Rules are provided in the Corporate Governance Report included in this annual report.

## BOARD COMMITTEES

The Board has established four Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee for overseeing particular aspects of the Company's affairs. All Committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.webx.info](http://www.webx.info).

All the Committees should report to the Board on their decisions or recommendations made. All Committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

## EVENT AFTER THE REPORTING PERIOD

There has been no significant event affecting the Group after the financial year ended 31 December 2025 and up to the date of this report.

## ANNUAL GENERAL MEETING

The 2026 AGM will be held on 12 June 2026 and the notice of the 2026 AGM will be published and despatched to the shareholders of the Company in accordance with the Company's Articles and the GEM Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from 9 June 2026 to 12 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the 2026 AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on 8 June 2026 (Hong Kong time).

## AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by SHINEWING (HK) CPA Limited ("**SHINEWING**"), the auditor of the Company, who will retire at the conclusion of the 2026 AGM and will be eligible, to re-appointment. A resolution for the re-appointment of Shinewing as auditor of the Company will be proposed at the 2026 AGM.

**Wong Kai Hung, Kelvin**

*Chairman*

Hong Kong, 27 March 2026

# Environmental, Social and Governance Report

## INTRODUCTION TO THE REPORT

This Environmental, Social and Governance Report (the “**Report**”) provides an overview of the initiatives, plans and performance of WebX International Holdings Company Limited (“the **Company**”, together with its subsidiaries, the “**Group**” or “**We**”) in Environmental, Social and Governance (“**ESG**”) and demonstrates its commitment to sustainable development. The Group has always regarded ESG tasks are important and contributed to the Group’s sustainable development.

## REPORTING PERIOD

This Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2025 (the “**Reporting Period**”, “**Year**”, “**2025**”).

## REPORTING SCOPE

This Report covers the Group’s business activities in Hong Kong and People’s Republic of China (PRC). The Group’s headquarters is based in Hong Kong, with subsidiaries in PRC (Dongguan Smart Union Textiles Technology Co., Ltd, Guangdong Smart Team Textiles Technology Co., Ltd, and Magic Team (Beijing) International Fashion Design Co., Ltd). The reporting scope included our operations in four key business sectors: (i) lingerie and apparel brand owners, (ii) sourcing agents, (iii) garment manufacturers, and (iv) the cloud-based computing and internet traffic services. The Group excels in designing innovative and functional knitted fabrics, leveraging its expertise in product innovation.

## REPORTING FRAMEWORK

This Report has been prepared in accordance with the ESG Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

## REPORTING PRINCIPLES

During the preparation of this ESG report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as follows:

- “*Materiality*” – A materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of this ESG Report. The materiality of issues was reviewed and confirmed by the Board. Please refer to the sections headed “Stakeholder Engagement” for further details.
- “*Quantitative*” – Supplementary notes are added along with quantitative data disclosed in this ESG Report to explain any standards, methodologies, and source of conversion factors used during the calculation of environmental KPI.
- “*Balance*” – This Report aims to provide a holistic and fair view of the sustainability performance of the Group and has not omitted any information related to material ESG topics.
- “*Consistency*” – The approach adopted for the preparation of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

# Environmental, Social and Governance Report

## FORWARD LOOKING STATEMENT

This ESG Report contains forward-looking statements which are based on the current expectations, estimations, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes may differ from the assumptions made and the statements contained in this ESG Report.

## CONFIRMATION AND APPROVAL

This ESG Report was endorsed by the ESG Taskforce and approved by the board of directors (the “**Board**”) of the Group.

## CONTACT US

Your feedback is valuable to our continuous improvement, and we welcome any comments and suggestions you may have on this report or our future ESG strategy in general. Please share any comments or suggestions regarding the Group’s ESG performance at [smart-team@smart-team.cn](mailto:smart-team@smart-team.cn).

## The Board & Governance Structure

### BOARD STATEMENT

The Board being ultimately responsible for monitoring the Group’s ESG issues, including ESG management approach, strategy, and policies, holds a crucial role in ensuring effective oversight. To comprehensively manage the Group’s ESG performance and proactively identify potential risks, the Board conducts materiality assessments, when necessary, with the assistance of the ESG committee. These assessments evaluate and prioritise material ESG-related issues, considering the opinions of stakeholders. Additionally, the Board reviews the progress made against ESG-related goals and targets, establishing a direct connection between these goals and targets and their relevance to the issuer’s businesses.

### ESG Taskforce

The Group is committed to facilitating the development of a corporate culture in which ESG practices are fully integrated into daily business operations. The Group has established an ESG Taskforce (the “**Taskforce**”). This Taskforce comprises core members from different departments and is responsible for collecting relevant information from our ESG aspects for preparing the ESG Reports. This Taskforce reports to the Board and assists in identifying and evaluating the Group’s ESG risks and the effectiveness of the internal control mechanisms. This Taskforce also examines and evaluates our performances in different ESG-related goals and targets such as environment, health and safety, labour standards and product responsibilities. Following the direction set by the Board, the Taskforce ensures the execution of various ESG-related strategies and policies.

### STAKEHOLDER ENGAGEMENT

The Group recognises the significance of effective stakeholder engagement and collaboration. As the operations involve a variety of stakeholder groups, their inputs allow the Group to respond promptly to sustainability challenges and opportunities. The feedback from stakeholders of different backgrounds also helps the Group understand the ever-changing market demands and global sustainability trends.

# Environmental, Social and Governance Report

To facilitate effective stakeholder engagement, the Group has established several feedback and communication channels. These channels serve as vital conduits for understanding the perspectives of key stakeholders who have a substantial impact on or maintain close relationships with the Group's business. The following outlines the various communication channels that have been implemented to foster engagement and address stakeholders' primary concerns.

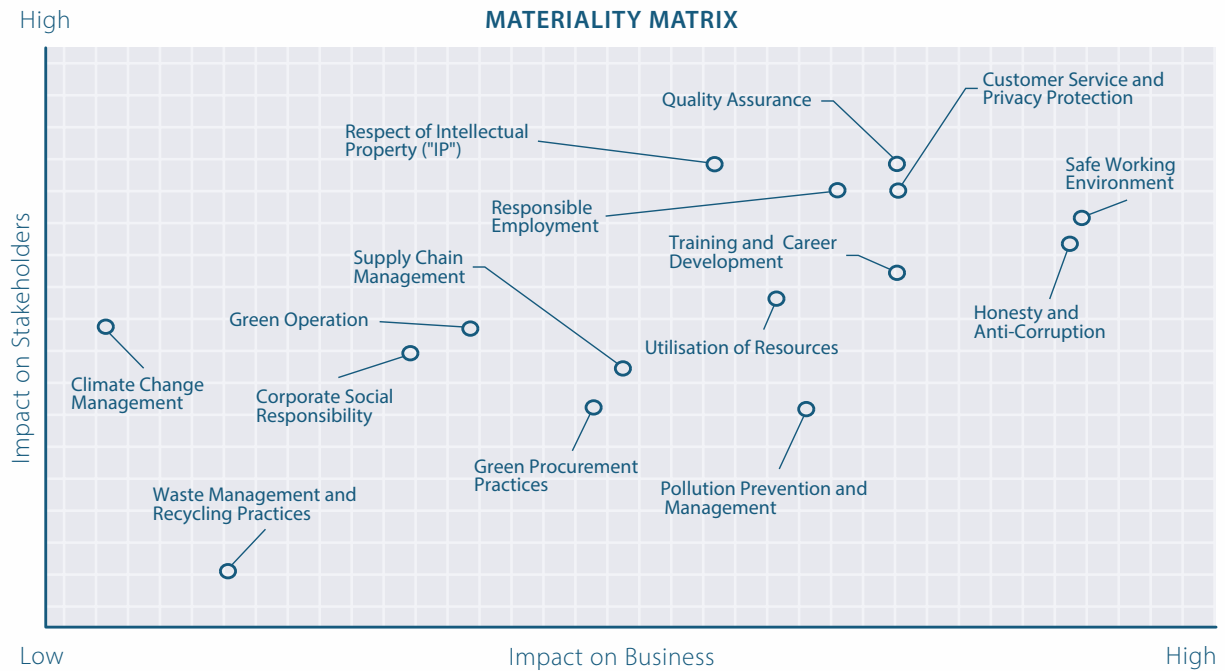
Stakeholders	Expectations	Communication Channels
Employees	<ul style="list-style-type: none"> <li>• Protection of rights</li> <li>• Occupational health and safety</li> <li>• Remuneration and benefits</li> <li>• Career development</li> <li>• Humanity care</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with employees</li> <li>• House journals and intranet</li> <li>• Employee mailbox</li> <li>• Employee activities</li> <li>• Training and workshops</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Outstanding products and services</li> <li>• Product health and safety</li> <li>• Performance of contracts</li> <li>• Operation with integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service center and hotlines</li> <li>• Customer feedback surveys</li> <li>• Customer communication meetings</li> <li>• Social media platforms</li> <li>• Client review</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Establishment of industry standards</li> <li>• Driving industrial development</li> </ul>	<ul style="list-style-type: none"> <li>• Participation of industrial forums</li> <li>• Visits and inspections</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Financial returns</li> <li>• Compliance with national or local policies, laws and regulations</li> <li>• Growth in corporate value</li> <li>• Transparency and effective communication</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Financial reports</li> <li>• Announcements and circulars</li> <li>• Email, telephone communication and company website</li> </ul>
Government and Regulators	<ul style="list-style-type: none"> <li>• Compliance with national or local policies, laws and regulations</li> <li>• Support for local economic growth</li> <li>• Driving local employment</li> <li>• Tax payment in full and on time</li> <li>• Ensuring production safety</li> </ul>	<ul style="list-style-type: none"> <li>• Regular information reporting</li> <li>• Regular meetings with regulators</li> <li>• Dedicated reports</li> <li>• Examination and inspection</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Operation with integrity</li> <li>• Fair competition</li> <li>• Performance of contracts</li> <li>• Mutual benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Review and appraisal meetings</li> <li>• Business communication</li> <li>• Exchanges and discussions</li> <li>• Engagement and cooperation</li> </ul>
Community and the public	<ul style="list-style-type: none"> <li>• Improvement in the community environment</li> <li>• Charity participation</li> <li>• Transparent information</li> <li>• Social medial platform</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Announcements and circulars</li> <li>• Interview with media</li> </ul>

# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT

Material issues in this Report refer to what may have a significant impact on the Group’s business operations or have an actual impact on stakeholders. To identify and prioritise these issues, the Group conducts a materiality assessment survey every year, presenting the findings in the form of a materiality matrix.

The following matrix is a summary of the Group’s material ESG issues:



# Environmental, Social and Governance Report

## A. ENVIRONMENT

The Group is committed to taking decisive actions towards a low-carbon future. We actively promote a circular economy to control and minimise our impact on nature. We embrace a low-carbon economy and advocate for resource conservation across all our business endeavors. This commitment includes a proactive approach to reducing energy, water, and paper consumption throughout our operations. Our goal is to minimise our environmental impact and contribute to a sustainable future. To achieve this, we have implemented various green initiatives focused on reducing resource usage and mitigating our carbon footprint.

### 2025 Environmental Targets

The Group is firmly committed to its transition towards a low-carbon economy and the conservation of resources throughout its business operations. The Group announced its quantifiable targets for emissions and resource consumption that need to be achieved in 2025. Our interim performance is as below.

Environmental Aspects	Reduction Targets	Our 2025 ongoing Performance
GHG Emissions	Reduce the GHG emissions intensity by at least 3%	2025: 0.15 tCO <sub>2</sub> e per employee
Paper Waste	Reduce the paper waste intensity by at least 3%	2025: 0.003 tonnes per employee
Waste Disposal	Reduce the non-hazardous intensity by at least 3%	2025: 0.19 tonnes per employee
Energy Consumption	Reduce the energy consumption intensity by at least 3%	2025: 0.22 MWh per employee
Water Consumption	Reduce the water consumption intensity by at least 3%	2025: 5.39 m <sup>3</sup> per employee

To achieve the environmental targets in the future, the Group will continue to record and monitor the GHG emissions and other relevant environmental data from time to time.

# Environmental, Social and Governance Report

## A.1 EMISSIONS

The Group places a strong emphasis on effective environmental management and actively strives to protect the environment while fulfilling its social responsibilities. In line with this commitment, we have implemented an Environmental Management Policy and established a robust environmental management system, aiming to prevent pollution and minimise any potential environmental impacts.

Notably, our subsidiary has achieved accreditation with ISO 14001:2015 Environmental Management System. This certification underscores our dedication to upholding high environmental standards and continuously improving our environmental performance.

During this Reporting Period, the Group was not aware of any material non-compliance with environmental-related laws and regulations in relation to exhaust gas and greenhouse gases (“GHG”), emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. Such laws and regulations include but not limited to Environmental Protection Law of the People’s Republic of China, the Prevention and Control of Atmospheric Pollution of the People’s Republic of China, the Hong Kong Waste Disposal Ordinance, and the Water Pollution Control Ordinance.

# Environmental, Social and Governance Report

## Air Emissions

As the Group has outsourced all production processes to third-party factories, our daily operations have limited direct environmental impact. The emissions generated primarily consist of exhaust gas emissions from vehicles, GHG emissions, and non-hazardous waste.

To ensure responsible environmental practices, we have established stringent criteria for partnering with suppliers. Prior to entering business relationships, we require these factories to possess the necessary environmental permits mandated for their manufacturing activities.

Although we have limited direct control over the production processes, we proactively promote a green environment by integrating a range of environmentally friendly business practices. Our emphasis lies in raising awareness about environmental protection through education and training programs provided to our employees. This approach aims to cultivate an environmentally conscious workforce and foster compliance with relevant environmental laws and regulations.

To our reduce footprint, we have implemented the following best practices for our vehicles:

- Perform regular vehicle inspections and maintenance to maintain the efficiency of vehicles;
- Promote the practice of reminding employees to turn off the engines of idling vehicles;
- Advocate for the utilisation of public transportation for business travel; and
- Minimise the frequency of business trips by leveraging electronic communication methods like video conferences or consolidate customer visits into a single business trip.

During the Reporting Period, summary of the air emissions was as below :

Type of Air Pollutants <sup>1</sup>	Unit	2025	2024
Nitrogen oxides (NOx)	kg	0.36	6.56
Sulphur oxides (SOx)	kg	0.01	0.03
Particulate matter (“PM”)	kg	0.03	0.48

Note:

1. The calculation method of air emissions is based on “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange

# Environmental, Social and Governance Report

## GHG Emissions

The major sources of the Group's GHG emissions are direct GHG emissions (Scope 1) from petrol combustion of company-owned vehicles, indirect GHG emissions (Scope 2) from purchased electricity, and employee air travel for business purposes (Scope 3).

During the Reporting Period, the Group significantly increased the use of electric vehicles over conventional cars, resulting in a substantial decrease in Scope 1 GHG emissions.

Types of GHG Emissions <sup>2</sup>	Units	2025	2024
Direct GHG emissions (Scope 1)			
• Petrol	tCO <sub>2</sub> e	1.32	5.96
Indirect GHG emissions (Scope 2)			
• Purchased electricity	tCO <sub>2</sub> e	12.60	43.30
Other indirect GHG emissions (Scope 3)			
• Business air travel	tCO <sub>2</sub> e	2.89	34.12
Total GHG emissions (Scope 1, 2 & 3)	tCO <sub>2</sub> e	16.81	83.38
GHG emission intensity <sup>3</sup>	tCO <sub>2</sub> e per employee	0.25	1.14

Notes:

- GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the 2023 Sustainability Report" published by HK Electric Investments Limited and the "CLP 2023 Sustainability Report" published by CLP Holdings Ltd.
- As at 31 December 2025, the total number of full time employees in the Reporting Scope of the Group was 67 (as at 31 December 2024: 73). This data is also used for calculating other intensity data.

## Sewage Discharge

Due to the Group's outsourcing of production processes to third-party factories, the sewage generated primarily originates from water consumed by employees. The Group discharges this sewage into the municipal sewage pipe network, where it is then directed to the regional water purification plant. Consequently, the water consumed by the Group is categorised as discharged sewage. Detailed information regarding water consumption, as well as the corresponding water conservation measures, can be found in the "Water Management" section under aspect A2.

# Environmental, Social and Governance Report

## **Waste Management**

We have in place an internal waste management guideline ensuring that all waste is properly collected and handled by licensed contractors, and according to local laws and regulations. The guideline identifies responsible personnel and details of their duties. It also explicitly outlines the methods for garbage collection, storage, and disposal. We encourage our employees to follow the guideline and embrace the challenge of circularity.

## **Hazardous Waste**

Our hazardous waste generated in mainly office supplies like waste batteries. Although the Group generates a negligible quantity of hazardous waste, it has implemented comprehensive guidelines for the management and disposal of such waste. If any hazardous waste is produced, the Group is obligated to enlist the services of a qualified chemical waste collector to handle and ensure proper disposal of the waste, adhering to all pertinent environmental regulations and guidelines.

## ***Non-Hazardous Waste***

Our non-hazardous waste includes waste fabrics and general waste. Throughout the Reporting Period, the Group has sold all waste fabrics to third-party manufacturers. In managing non-hazardous waste, we adhere to the principles of 4R (reduce, reuse, recycle and recover) to handle and dispose of waste resulting from our business operations. Our waste management practices are in accordance with relevant environmental laws and regulations to ensure strict compliance.

To diminish non-hazardous waste in our business operations, we have implemented the following measures:

- Embrace the use of usable products instead of one-off office supplies whenever possible;
- Prolong the life cycle of stationery items by reusing envelopes and refilling pens;
- Implement recycling bins in office areas to enhance employees' recycling habits;
- Utilise electronic means to distribute office memos, reminding staff to print only essential materials to prevent wastage;
- Use recycled paper for printing and copying; and
- Promote double-sided printing to utilise the use of paper efficiently.

# Environmental, Social and Governance Report

Category of Waste	Unit	2025	2024
Hazardous Waste			
• Waste Batteries	Tonnes	0	0.004
Total hazardous waste	Tonnes	0	0.004
Intensity	Tonnes per employees	0	0.00006
Non-hazardous Waste			
• Paper	Tonnes	0.20	0.27
• General Waste	Tonnes	2.5	2.5
• Fabric	Tonnes	9.9	9.9
Total non-hazardous waste	Tonnes	12.6	12.67
Intensity	Tonnes per employees	0.19	0.17

## A.2 USE OF RESOURCES

The Group continues to introduce resource efficiency and eco-friendly measures to the Group's operations and is committed to optimising the use of resources in all business operations. During our operation, fuel and electricity are consumed. The Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of resources.

The Group strongly supports and promotes the efficient utilisation of resources, striving to optimise their use in all business operations. We foster a sustainable office and operational environment, consistently introducing resource efficiency initiatives and eco-friendly measures to enhance the Group's operations.

### *Energy Management*

The Group has implemented an energy management system to ensure regular monitoring and assessment of its energy consumption objectives and targets. In the event of unexpected increases in energy consumption, thorough investigations are conducted to identify the root causes. Prompt action is then taken to implement preventive measures deemed necessary to mitigate and address the underlying factors contributing to the increase.

To achieve the targets, we have implemented a range of measures and initiatives. These measures and initiatives, including the following:

- Maximise natural lighting whenever feasible and ensure all unnecessary lightings are switched off;
- Set the air conditioning system at a minimum of 25.5°C;

# Environmental, Social and Governance Report

- Clean filters of the air-conditioning system regularly to maintain efficiency ;
- Allow employees to dress comfortably during hot weather and on Friday to minimise reliance on air conditioning;
- Enable automatic standby mode or power off computers and other information and communication technology equipment when not in use; and
- Consider using electric vehicles when the Group needs to buy new vehicles.

Indicators	Unit	2025	2024
Direct Energy Consumption	MWh	5.42	21.72
– Petrol			
Indirect Energy	MWh	9.29	75.92
– Purchased electricity			
Total Energy consumption	MWh	14.71	97.64
Intensity	MWh/employee	0.22	1.34

## Water Management

The Group's water usage is mainly used for domestic cleaning in offices and facilities. As the Group recognises the prevailing global water scarcity, we proactively implement strategies to address this critical issue. We promote a culture of water conservation among employees and have implemented a range of measures to mitigate water usage. The following are some of the water conservation initiatives we have established:

- Recycle and reuse grey water to clean and water plants in offices;
- Minimise water pressure to the lowest practicable level; and
- Address dripping taps promptly to prevent additional leakage and wastage.

During the Reporting Period, the decrease in water consumption can be primarily attributed to have optimised its production or operational processes to minimise water usage. Also, since the water bill being included in the property management fee for the Hong Kong office and the absence of individual meters to record water consumption, the Group was unable to access water consumption records of Hong Kong for FY2025. Below is the water consumption information of our PRC factories.

Index	Unit	2025	2024
Total Water Consumption	m <sup>3</sup>	361	412
Intensity	m <sup>3</sup> per employee	5.39	5.64

During the Reporting Period, the Group did not encounter any issue in sourcing water that was fit for purpose.

# Environmental, Social and Governance Report

## *Using of Packaging Materials*

The disclosure is not applicable to the Group since the production of its products has been outsourced to third-party factories. Consequently, the Group does not utilise packaging materials in its day-to-day operations.

## **A.3 THE ENVIRONMENT AND NATURAL RESOURCES**

The Group pursues the best practices in environment protection and focuses on its impact on the environment and natural resources. The Group has integrated the concept of environmental protection into its daily operations, with the aim of achieving environmental sustainability.

### *Green Working Environment*

To optimise productivity, the Group provides employees with a comfortable and environmentally friendly working environment. We prioritise maintaining office order and environmental cleanliness to ensure a clean and organised workspace. Additionally, we regularly monitor and measure the indoor air quality of our workplaces. To control and maintain indoor air quality, we install air purification equipment and carry out regular cleaning of air-conditioning systems, ensuring their effectiveness in filtering pollutants and dust.

## **A.4 CLIMATE CHANGE**

The Group is aware of the threat posed by climate change and is actively doing its part by offsetting its carbon footprint. The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore closely monitors the potential impact of climate change on our business and operations and is committed to managing the potential climate-related risks which may impact the Group's business activities.

Climate-related impacts can be classified into two main categories: physical risks and transition risks. The Group conducts risk assessment exercises to identify and mitigate these climate-related risks.

### *Physical Risks*

The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rains, and extreme cold or heat bring acute and chronic physical risks to the Group's business. The Group's productivity will be reduced under extreme weather events as the safety of our employees is threatened during operation work at production sites and the power grid or communication infrastructures might be damaged, which exposes the Group to risks associated with non-performance and delayed performance, leading to direct negative impact on the Group's revenue. To minimise the potential risks and hazards, the Group has established mitigation plans, including flexible working arrangements and precautionary measures and extra formwork protection during bad or extreme weather conditions. The Group will explore emergency plans to further reduce the vulnerability of our installations to extreme weather events to enhance business stability.

# Environmental, Social and Governance Report

## *Transition Risks*

To achieve the global vision of carbon neutrality, the Group expects the evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies, the emergence of environmentally related taxes, and the shifting of customer preference to an eco-friendlier resorts operation. In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors any changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response.

## **B. SOCIAL**

### **B.1 EMPLOYMENT**

The Group recognises employees as its most significant asset. To ensure effective human resource management, we have documented formal procedures in the Employee Handbook. These procedures encompass different aspects, including recruitment, promotion and dismissal, remuneration and benefits, diversity and equal opportunities. By establishing these procedures, we aim to provide standardised labor employment management while safeguarding the legitimate interests of every employee. Additionally, the Group is committed to prioritising the occupational health and safety of its employees.

The Group strictly complies with the relevant laws and regulations in Hong Kong and PRC, including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and the Hong Kong Employment Ordinance.

During the Reporting Period, the Group was not aware of any material non-compliance with any relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, that would have a significant impact on the Group.

#### ***Recruitment, Promotion and Dismissal***

Promotions and dismissals within the Group are carried out on a fair and equal opportunity basis. Employee promotions are reviewed annually, considering objective performance indicators. Supervisors engage in effective two-way communication with employees, discussing their performance and facilitating advancement. Regular performance appraisals are conducted to evaluate employees' work performance, capabilities, and potential for progress, laying the foundation for future promotions and training. The Group encourages internal promotion to provide employees with additional opportunities for personal and professional development. WebX strictly prohibits unreasonable dismissals under any circumstances. If necessary, dismissals are based on reasonable and lawful grounds, aligned with the Group's internal policies.

# Environmental, Social and Governance Report

## *Compensation and Benefits*

Equitable remuneration and benefits contribute to employee satisfaction, team morale and overall performance. The Group offers an extensive and competitive package of remuneration and benefits, and it reviews its package in a timely manner in response to market changes. In PRC, the Group offers its employees the Five Social Insurance and One Housing Fund as a mandatory benefit, while in Hong Kong, the Group provides contributions to the Mandatory Provident Fund (“MPF”) for its employees. It offers non-statutory benefits as additional welfare to employees, such as performance bonus, overtime pay, full attendance award, related subsidies, and different bonuses.

In addition to the remuneration package, there is an assortment of welfare offered by the Group. The benefit system of the Group is divided into three parts, which are statutory benefits, caring benefits and incentive benefits. Also, the Group will organise football games and matches on a regular basis as a way of promoting a healthy work life balance.

### **STATUTORY BENEFITS**

- Five social insurances and one housing fund for employees in the PRC
- MPF Scheme for employees in Hong Kong
- All statutory holidays

### **CARING BENEFITS**

- Lunch allowance
- High-temperature allowance
- Free accommodation
- Paid annual leave, maternity leave, paternity leave, marriage leave, funeral leave, and sick leave

### **INCENTIVE BENEFITS**

- Wage for seniority
- Long service allowance
- Performance based salary
- Year-end bonus

## *Equal Opportunity, Diversity and Anti-Discrimination*

The Group is committed to strict compliance with all national and local governmental laws and regulations. We uphold a fair, equitable, and transparent recruitment process, establishing policies that prevent discrimination in recruitment. We strive to provide equal and fair treatment to all employees, encompassing areas such as recruitment, remuneration, training, promotion, dismissal, retirement, and other aspects of employment.

If an employee faces intimidation, bullying, or harassment, including sexual harassment, they are encouraged to report the matter to their designated employee representative or directly to the general manager. The Group takes such complaints seriously and will employ appropriate measures to address and resolve these issues promptly upon receipt of the complaint.

# Environmental, Social and Governance Report

## Employee Communication Channels

The Group actively recruits and attracts talents and provides fair and competitive compensation. Employees’ salaries and year-end bonuses are determined based on qualifications, work performance, performance appraisal results and market trends.

To ensure a fair and transparent process, the Group has established guidelines in the Employee Handbook. It stipulates that employees should report any irregularities or concerns to their supervisors or the Human Resources Department.

As of 31 December 2025, the employee structure is shown below :

Breakdown of Employees	2025	2024
<b>Total</b>	67	73
<b>By Gender</b>		
Male	48	41
Female	19	32
<b>By Age Group</b>		
Below 30	12	10
30 to 50	47	48
Over 50	8	15
<b>By Employment Type</b>		
Full time	67	73
Part time	0	0
<b>By Geographical Region</b>		
Hong Kong	9	6
China	58	67

# Environmental, Social and Governance Report

During the Reporting Period, the employee turnover information is as follows:

Employee turnover rate <sup>4</sup>	2025	2024
<b>Overall<sup>5</sup></b>	5.17%	30.14%
<b>By Gender</b>		
Male	7.69%	31.71%
Female	0%	28.13%
<b>By Age Group</b>		
Under 30	0%	30.00%
30 to 50	0%	33.33%
Over 50	42.86%	20.00%
<b>By Geographical Region</b>		
Hong Kong	0%	33.33%
PRC	5.17%	29.85%

Notes:

4. The overall turnover rate is calculated by dividing the number of employees leaving employment during the reporting period by the number of employees as at the end of the reporting period.
5. The turnover rate by specific category is calculated by dividing the number of employees leaving employment in the specified category during the reporting period by the number of employees as at the end of the reporting period in the specified category.

## B.2 HEALTH AND SAFETY

The Group places a high priority on the health and safety of its employees as an integral part of its business management approach. Guided by a people-oriented principle, we are dedicated to creating a healthy, safe, and comfortable working environment for all employees. We have established an occupational health and safety system and obtained the certificate of ISO 45001:2018 Occupational Health and Safety Management System. As part of the occupational health and safety system, occupational safety and sanitation rules and standards were implemented, meanwhile, employees received regular workplace safety training to increase their awareness of work safety issues.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a significant impact on the Group, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Occupational Safety and Health Ordinance of Hong Kong.

# Environmental, Social and Governance Report

No work-related fatalities happened during the past 3 consecutive years:

Fiscal Year	Unit	2025	2024	2023
Fatalities due to work	Cases	0	0	0
Lost days due to work injury	Days	0	4	0
Work Injury Rate <sup>6</sup>	%	0	0.02	0

During the Reporting Period, an employee sustained a fall while commuting to work and rested for four days.

Note:

6. Work injury rate is calculated by number of work-related injury Lost days/(number of Employee x 22 x 12 (working days)) x 100%. The Group has subscribed employees' compensation insurance for all employees, and it has covered the compensation required due to work-related injury.

## **Safe Working Environment**

To foster a work environment free from injuries, the Group mandates safety training for all employees prior to commencing work. We emphasise the importance of strict adherence to safety requirements to safeguard employees from accidents and injuries. Safety guidelines are provided to employees working in third-party manufacturing facilities. Any safety concerns identified by employees must be promptly reported. Additionally, the Group has developed a series of emergency plans and conducts regular fire drills to enhance employees' safety awareness.

## **B3. DEVELOPMENT AND TRAINING**

Investing in future leaders is essential for ensuring the Group's long-term success and resilience. The Group intends to nurture its talent pipeline to retain high-performers and be equipped with leaders for tomorrow. In view of this, the Group provides them with the right tools and an environment in which they can grow professionally. Employees are continuously motivated to improve and contribute their knowledge and experiences towards shaping the future.

Structured skills development programs are in place across the Group for all employees, who play an integral role in operations. The Group's targeted learning activities aim to address the skills development needs of each core business as well as employees' career development aspirations. The content and structure of its learning programs are continually refreshed to keep pace with market developments and digitalisation requirements.

# Environmental, Social and Governance Report

During the Reporting Period, the Group provided 53 hours of training in total, to approximately 61.19%<sup>7</sup> (FY2024: 71.23%) of its employees, with an average training time of approximately 0.79 hours<sup>8</sup> (FY2024: 0.73 hours). The details are as follows:

	2025			2024		
	% of Trained Employee (%) <sup>9</sup>	Breakdown of Trained Employee (%) <sup>10</sup>	Average Training Hours (hours) <sup>11</sup>	% of Trained Employee (%) <sup>9</sup>	Breakdown of Trained Employee (%) <sup>10</sup>	Average Training Hours (hours) <sup>11</sup>
<b>By Gender</b>						
Male	45.83	53.66	0.55	53.66	42.31	0.65
Female	100.00	46.34	1.39	93.75	57.69	0.83
<b>By Employment Category</b>						
Senior	25.00	2.08	4.42	25.00	1.92	6.63
Middle	76.92	20.83	1.36	77.78	13.46	2.94
General Staff	74.00	77.08	0.35	73.33	84.62	0.44

*Notes:*

7. This percentage is calculated by dividing the total number of employees who took part in training during the reporting period by the total number of employees at the end of the reporting period.
8. The average training hours per employee is calculated by dividing the total number of training hours during the Reporting Period by the total number of employees as at the end of the Reporting Period.
9. The percentage of trained employees by category is calculated by dividing the number of employees in the specified category who took part in training during the Reporting Period by the number of employees in the specified category as at the end of the Reporting Period.
10. The breakdown of trained employees by category is calculated by dividing the number of employees in the specified category who took part in training during the Reporting Period by the total number of employees who took part in training during the Reporting Period.
11. The average training hours by category is calculated by dividing the number of training hours for employees in the specified category during the Reporting Period by the number of employees in the specified category as at the end of the Reporting Period.

# Environmental, Social and Governance Report

## B.4 LABOUR STANDARDS

### *Prevention of Child and Forced Labour*

The Group has zero tolerance and strictly prohibits the use of child labour and forced labour in our operations. Below measures have been taken to avoid these illegal employment practices.

Prevention of child labour	During the recruitment process, the human resources department will verify the applicant's identity documents and ensure that they have reached the minimum age for employment.
Prohibition of forced labour	The Group specifies over time compensation provisions in the Employee Handbook. The Group carefully monitors the employee working time and working schedule to ensure they work voluntarily and freely.

In case of any illegal labour practice is discovered, the Group will stop their employments immediately. An investigation will be carried out subsequently and report the case to the relevant authorities.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group including but not limited to the Employment Ordinance, the Employment of Children Regulations, the Regulations on Prohibition of Child Labor of the People's Republic of China, the Labour Contract Law of the People's Republic of China and Labour Law of the People's Republic of China.

## B.5 SUPPLY CHAIN MANAGEMENT

The Group extends its effective governance to its supply chain. Through the Supplier Code of Conduct, the Group communicates its expectations to suppliers on upholding ethical standards, compliance with law, and avoidance of corruption. The Group has established a supplier selection system which involves the following operational departments:

<b>PROCUREMENT DEPARTMENT</b>	<b>PRODUCTION DEPARTMENT</b>	<b>FINANCE DEPARTMENT</b>
<ul style="list-style-type: none"><li>• Select suppliers</li><li>• Request quotes</li><li>• Conclude procurement contracts</li><li>• Reconcile accounts with suppliers</li><li>• Follow up on deliveries and returns</li></ul>	<ul style="list-style-type: none"><li>• Receive and inspect procured goods according to the purchase order</li><li>• Handle warehouse return procedures</li><li>• Manage storage</li></ul>	<ul style="list-style-type: none"><li>• Evaluate procurement contracts</li><li>• Process accounts</li><li>• Reconcile accounts with suppliers</li><li>• Supervise and review business processes</li><li>• Prepare ageing analysis sheets for payable accounts</li><li>• Prepare payment plans</li><li>• Audit and execute payment plans</li></ul>

# Environmental, Social and Governance Report

In the supplier selection process, we conduct a comprehensive evaluation that goes beyond basic supplier information. We consider different factors, including but not limited to delivery schedule, pricing, product quality, possession of necessary licenses and certifications, and compliance with relevant industrial laws, regulations, and standards. Emphasising product quality as our top priority, we regularly review the performance of our raw material suppliers to ensure that the raw materials supplied meet our quality standards.

## ***Supplier Management***

The Group identifies, evaluates, and selects its suppliers based on its needs and requirements, and considers suppliers on factors like quality, pricing, reliability, and overall value. The Group seeks to leverage its purchasing power in support of sustainable consumption and production by choosing environmentally and socially preferable options.

In 2025, the Group had a total of 51 suppliers, and the following breakdown illustrates their distribution. The Group highly prefers local sourcing to decrease the carbon footprint due to transportation and support local economy.

Moreover, identifying environmental and social risks along with supply chains is crucial for ensuring sustainable and responsible business practices. The Group conducts risk evaluation on suppliers by identifying potential environmental and social risks, communicating with suppliers regularly, conduct site visits and supplier audits. By continuing monitor and review the suppliers performance, we understand the environmental and social risks associated with our supply chain and work towards mitigating those risks effectively.

Location	No. of Suppliers
PRC	51

## ***Open and Fair Procurement***

The Group upholds principles of openness, fairness, and equity in its procurement process, ensuring no discrimination or preferential treatment towards any suppliers. Only suppliers with a proven track record and no significant breaches of business ethics are selected to work with the Group.

When considering new suppliers, the Group evaluates their qualifications, scale, quality systems, business capabilities, environmental practices, and social responsibility. Stringent anti-corruption measures are integrated throughout the procurement process. Integrity agreements have been implemented with suppliers to regulate their conduct and prevent improper interests during project development.

# Environmental, Social and Governance Report

## *Green Procurement*

The Group aims to foster a virtuous ecosystem comprising customers, enterprises, and suppliers through innovative approaches and transformative changes in the supply chain. Emphasising sustainable development, the Group is dedicated to local procurement, streamlining turnaround times, and integrating sustainable practices into its business model.

Throughout the procurement process, the Group prioritises local suppliers and environmentally friendly products and services. By favoring local procurement, the Group seeks to minimise the carbon footprint associated with procurement activities, while simultaneously supporting local economic growth and generating employment opportunities within local communities.

## **B.6 PRODUCT RESPONSIBILITY**

The Group monitors product quality through our internal control process and maintains continuous communication with our customers to foster mutual understanding and meet their needs and expectations. Our goal is to understand and anticipate customer requirements, and we are dedicated to continuously enhancing the quality of our products and services.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with related laws and regulations concerning health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group. The relevant laws and regulations include but are not limited to the Trade Descriptions Ordinance, the Copyright Ordinance, the Personal Data (Privacy) Ordinance, and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Product Quality Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Advertising Law of the People's Republic of China.

## *Quality Assurance*

The Group recognises the importance of maintaining high product quality standards for sustainable growth. Smart Team, a subsidiary, has obtained the ISO 9001:2015 Quality Management System certification for research, design, and sales of textiles. The Group also holds the OEKO-Tex Standard 100 certification, ensuring our products meet the human-ecological requirements for baby clothing.

Our quality control team, led by an experienced manager, ensures quality standards for raw materials and products manufactured by third-party factories. We use standardised technical checklists and have representatives stationed at factories to oversee production, provide guidance, and address defects promptly.

Our recall procedure involves identifying the product or batch to be recalled, notifying authorities and stakeholders, retrieving affected products, and communicating with customers. We investigate the root cause and implement corrective actions to prevent future issues. Detailed records are maintained to ensure safety, customer satisfaction, and compliance with regulations.

During the Reporting Period, no products sold or shipped were subject to recalls for safety and health reasons.

# Environmental, Social and Governance Report

## ***Research and Development***

Maintaining a high product quality standard is of utmost importance to the Group, and we firmly believe that investing effort in research and development is indispensable in achieving this goal. We continuously strive to develop new products and enhance existing ones by leveraging our R&D capabilities to incorporate special features.

To expand our research and development capabilities, the Group has developed a sophisticated research and development team comprising of professional technicians and engineers. We have also built our own physical laboratory, chemical laboratory, and other research centres for research and quality control. In addition, we have established a research centre to cooperate with Donghua University, Toyobo Co., Ltd. and Lenzing Group, which allow us to possess the latest technology in global textile industry. By leveraging our strong capabilities of research and development, we have been recognised as a High and New Technology Enterprise since 2016.

## ***Customer Service and Privacy Protection***

The Group prioritises delivering quality service and ensuring a positive customer experience through standardised service quality management. To minimise customer complaints and potential adverse consequences like product recalls, our sales executives maintain close communication with customers from the ordering stage through delivery. We have established procedures to handle customer feedback and complaints professionally. Our sales executives promptly address inquiries and complaints, aiming to understand the root causes and identify areas for improvement.

During the Reporting Period, the Group received no material complaints about products and services.

In addition to complaint management, the Group places great importance on protecting customer privacy. We are committed to treating customers' personal data with the utmost confidentiality. Strict policies governing the collection and use of customer data are documented in the Employee Handbook. Our employees, regardless of their employment status at the time, are prohibited from disclosing or exploiting any confidential information or customer data. Any employee found to have unauthorisedly shared confidential information with third parties will face disciplinary action.

## ***Protection of Intellectual Property ("IP") Rights***

The Group has implemented various measures and policies to safeguard our intellectual property (IP) rights against misuse and leakage. A dedicated team oversees the management and protection of trademarks and patents to prevent infringement. Employees are obligated to sign nondisclosure agreements, which prohibit the disclosure of any trade secrets to third parties. Additionally, we have established data processing agreements with third-party factories to ensure the protection of our IP rights. In the event of any IP infringement, we take immediate action to request the cessation of such activities, and if necessary, further legal measures will be pursued.

## ***Advertising and Labelling***

The Group emphasises the importance of appropriate advertising and compliance in regard to relevant requirements of media advertisements. We promote our products mainly through advertisements, trade shows, and industry exhibitions. We verify all information regarding our products and business before publication of promotion materials or product sales to prevent any false, misleading or deceptive information being publicised.

During the Reporting Period, the Group did not register any significant instances of product or service-related complaints, and there were no recalls of products sold or shipped due to safety and health concern.

# Environmental, Social and Governance Report

## B.7 ANTI-CORRUPTION

The Board enforces zero tolerance towards fraud and corruption. Our Employee Handbook requires employees to comply with rules on conflicts of interest, insider dealing, anti-competition, and anti-corruption, adhering to laws and regulations in all jurisdictions where the Group operates.

The Anti-corruption Policy guides employees on avoiding unethical behavior in various business contexts, including procurement, corporate gifts, hospitality, and contributions. Bribery, extortion, fraud, and money laundering are strictly prohibited.

The Group's preventive measures include whistle-blowing procedures and the Fraud Prevention and Anti-corruption System to handle conflicts of interest, confidentiality breaches, and asset embezzlement. While blowing channels are set up for employees to report any violation of the ethical standards that our Group pursues. Regular training programs educate employees about ethical standards, legal obligations, and consequences of misconduct, promoting a culture of integrity. Effective internal controls, such as segregation of duties, financial audits, and monitoring, detect and prevent fraudulent activities.

The Group actively monitors its preventive measures and whistle-blowing policy to maintain a strong culture of transparency and accountability. Preventive measures are routinely reviewed and updated to mitigate potential risks, ensuring compliance with regulatory standards and internal best practices. To support this, the Group implements robust monitoring systems, conducts regular audits, and provides training to employees on ethical practices. The whistle-blowing policy is reinforced through well-defined reporting channels that ensure anonymity and protection for whistle-blowers. Feedback received is meticulously assessed, and appropriate actions are taken to address any concerns raised, fostering an environment where individuals feel confident in reporting unethical behavior or misconduct.

During the Reporting Period, the Group was not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, and the Hong Kong's Prevention of Bribery Ordinance and Hong Kong's Anti-Money Laundering and Counter Terrorist Financing Ordinance that would have a significant impact on the Group.

### ***Anti-Corruption Training***

The Group provides training to employees on its governance policies at least annually. New joiners receive training as part of their induction programs. During the Reporting Period, the directors and employees were provided with anti-corruption training for a total of 1 hour and the Group was unaware of any non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering. There were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

# Environmental, Social and Governance Report

## *Whistleblowing Policy*

The Group encourages its employees and other stakeholders, including customers and suppliers, to raise concerns about suspected improprieties, misconduct, or malpractice. A confidential channel is in place for employees and stakeholders to report any suspected incidents.

Following the guidelines outlined in the Whistleblowing Policy, the Group treats every reported incident with utmost confidentiality and ensures that whistleblowers are protected from unfair dismissal, victimisation, or unwarranted disciplinary action. Incidents related to fraud and corruption will be thoroughly investigated.

## **B.8 COMMUNITY INVESTMENT**

The Group considers it as a privilege to have the ability to give back to the community. Our main focus is on extending assistance to individuals facing emergencies or affected by natural disasters. Through the formulation of our Community Investment Policy, we are firmly committed to actively engaging in charitable community activities and being an integral part of the community. This policy serves as a guide, setting standards for all employees who wish to support community initiatives on behalf of the Group.

The Group is dedicated to facilitating educational opportunities for marginalised children and assisting underprivileged children in acquiring fundamental literacy and numeracy skills. Since 2018, we have been sponsoring students in Daliang Mountain, Sichuan, covering their living expenses and tuition fees. We aim to empower these children to excel in their education and achieve their academic aspirations. We hope they will be able to utilise their knowledge and skills to make meaningful contributions to the Group in the future.

# Environmental, Social and Governance Report

## MAJOR APPLICABLE LAWS AND REGULATIONS

Aspect	Main Applicable Laws and Regulations (Laws of Hong Kong unless otherwise specified)
<b>Environment</b>	<ul style="list-style-type: none"><li>• Waste Disposal Ordinance</li><li>• Water Pollution Control Ordinance</li><li>• Environmental Protection Law of the People's Republic of China</li><li>• Prevention and Control of Atmospheric Pollution Law of the People's Republic of China</li></ul>
<b>Employment and Labour Standards</b>	<ul style="list-style-type: none"><li>• Employment Ordinance</li><li>• Mandatory Provident Fund Schemes Ordinance</li><li>• Labour Law of the People's Republic of China</li><li>• Labour Contract Law of the People's Republic of China</li><li>• Social Insurance Law of the People's Republic of China</li></ul>
<b>Health and Safety</b>	<ul style="list-style-type: none"><li>• Occupational Safety and Health Ordinance</li><li>• Prevention and Control of Occupational Diseases Law of the People's Republic of China</li></ul>
<b>Product Responsibility</b>	<ul style="list-style-type: none"><li>• Personal Data (Privacy) Ordinance</li><li>• Trade Descriptions Ordinance</li><li>• Copyright Ordinance</li><li>• Protection of Consumer Rights and Interests Law of the People's Republic of China</li><li>• Patent Law of the People's Republic of China</li><li>• Product Quality Law of the People's Republic of China</li><li>• Advertising Law of the People's Republic of China</li></ul>
<b>Anti-corruption</b>	<ul style="list-style-type: none"><li>• Prevention of Bribery Ordinance</li><li>• Anti-Money Laundering and Counter-Terrorist Financing Ordinance</li><li>• Criminal Law of the People's Republic of China</li><li>• Company Law of the People's Republic of China</li></ul>

# Environmental, Social and Governance Report

## CONTENT INDEX OF THE APPENDIX C2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Mandatory Disclosure Requirements	Section/Declaration
<b>Governance Structure</b>	Introduction, Board Statement
<b>Reporting Principles</b>	Reporting Framework
<b>Reporting Boundary</b>	Scope of Reporting

### Subject Areas, Aspects, General Disclosures and KPIs

Indicators	Description	Section and Remarks
<b>A. Environmental Aspect A1: Emissions</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) the compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</i></p>	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Repealed 1 January 2025	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environment – 2025 Environmental Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosures and KPIs

Indicators	Description	Section and Remarks
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Green Working Environment
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate – related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosures and KPIs

Indicators	Description	Section and Remarks
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) the compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) the compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Safe Working Environment

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosures and KPIs

Indicators	Description	Section and Remarks
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) the compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosures and KPIs

Indicators	Description	Section and Remarks
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Supplier Management, Open and Fair Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Green Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Green Procurement
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) the compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provides and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Quality Assurance, Customer Service and Privacy Protection
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property (“IP”) Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Customer Service and Privacy Protection

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosures and KPIs

Indicators	Description	Section and Remarks
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) the compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting Period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment
<b>D. Climate-related Disclosures</b>		
<b>Metrics and Targets- Greenhouse gas emissions</b>		
28(a)–(b) and 29	Scope 1 greenhouse gas emissions and scope 2 greenhouse gas emissions	Emissions – GHG Emissions

# Independent Auditor's Report

## TO THE MEMBERS OF WEBX INTERNATIONAL HOLDINGS COMPANY LIMITED

智雲國際控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of WebX International Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 82 to 148, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of consolidated financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

# Independent Auditor’s Report

## KEY AUDIT MATTERS (Continued)

### Valuation of inventories

Refer to note 18 to the consolidated financial statements and the accounting policies on page 100.

#### The key audit matter

The Group has carrying value of inventories amounted to approximately HK\$22,827,000 representing approximately 11% of the Group’s current assets as at 31 December 2025.

Inventories are valued at the lower of cost or net realisable value.

We have identified the estimated write down for inventories as a key audit matter because the assessment of write down for inventories involved significant management judgements and estimates regarding the net realisable value on inventories. Significant auditor’s judgement will be involved during the review procedures.

#### How the matter was addressed in our audit

Our audit procedures were designed to assess the methodology and assumptions used by management in assessing the inventory provisions.

We have reviewed management’s identification of slow moving and obsolete inventories, and critically assessed whether appropriate provisions had been established for slow moving and obsolete items. When considering management’s assessment, we have also taken into account, the most recent prices achieved on sales across different products and by checking subsequent sales.

We have also assessed the reliability of management’s assessment by considering the utilisation or release of previously recorded provisions.

# Independent Auditor's Report

## KEY AUDIT MATTERS *(Continued)*

### Expected credit losses of trade receivables

Refer to note 19 to the consolidated financial statements and the accounting policies on pages 102 to 105.

#### The key audit matter

The Group's trade receivables amounted to approximately HK\$28,862,000 representing approximately 14% of the Group's current assets, as at 31 December 2025.

In general, the credit terms granted by the Group to the customers ranged between 30 to 120 days.

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

We focused on this area due to the impairment assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.

#### How the matter was addressed in our audit

Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's for ward-looking expected credit losses model on impairment assessment of trade receivables.

We have assessed the provision matrix used in the model by reference to the historical information together with other external available information. In particular, we have challenged the appropriateness of the default rate of various debtors that have similar loss patterns by taking into account the ageing at year end. We have also challenged the appropriateness of the assumptions used in forward-looking information by comparing credit worthiness of each debt or and macro economy and industry performance and checking historical and subsequent settlement records of and other correspondence with the customers.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Independent Auditor's Report

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

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

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

Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

# Independent Auditor's Report

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

(Continued)

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Chan Ka Wai.

### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

#### **Chan Ka Wai**

Practising Certificate Number: P07328

Hong Kong

27 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	134,958	120,028
Cost of sales		(109,179)	(100,308)
Gross profit		25,779	19,720
Other income	7	2,122	2,767
Selling and distribution expenses		(5,501)	(6,007)
Administrative and other expenses		(23,246)	(22,263)
Impairment loss on trade receivables		(737)	(4,363)
Impairment loss on intangible assets		(192)	–
Impairment loss on prepayments		(1,928)	(7,487)
Finance costs	8	(745)	(1,143)
Loss before tax		(4,448)	(18,776)
Income tax credit	9	25	1,266
Loss for the year	10	(4,423)	(17,510)
<b>Other comprehensive income (expense) for the year</b> <i>Item that may be reclassified subsequently to profit or loss</i>			
<b>Exchange differences arising on translation of foreign operations</b>		1,134	(3,820)
Other comprehensive income (expense) for the year		1,134	(3,820)
<b>Total comprehensive expense for the year</b>		<b>(3,289)</b>	<b>(21,330)</b>
Loss per share – basic and diluted (HK\$ cents)	14	(0.74)	(3.04)

# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Plant and equipment	15	13,258	11,843
Deferred tax asset	24	3,759	3,494
Right-of-use assets	16	4,209	3,536
Intangible assets	17	695	–
Goodwill		46	46
		<b>21,967</b>	18,919
<b>Current assets</b>			
Inventories	18	22,827	12,857
Trade receivables	19	28,862	25,770
Deposits, prepayments and other receivables	19	73,326	37,082
Pledged bank deposits	21	2,768	2,700
Bank balances and cash	21	71,599	81,271
		<b>199,382</b>	159,680
<b>Current liabilities</b>			
Trade payables	22	7,784	9,216
Other payables and accruals	22	10,275	6,015
Contract liabilities	20	1,522	4,978
Lease liabilities	16	3,207	2,193
Bank borrowings and other loans	23	24,956	25,487
Bank overdraft	23	1,855	2,448
Tax payable		848	933
		<b>50,447</b>	51,270
<b>Net current assets</b>		<b>148,935</b>	108,410

# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	16	1,299	1,623
Other loan	23	–	434
		<b>1,299</b>	2,057
<b>NET ASSETS</b>		<b>169,603</b>	125,272
<b>Capital and reserves</b>			
Share capital	25	6,390	5,760
Reserves		163,213	119,512
<b>Total equity</b>		<b>169,603</b>	125,272

The consolidated financial statements on pages 82 to 148 were approved and authorised for issue by the board of directors on 27 March 2026 and are signed on its behalf by:

**Mr. Wong Kai Hung, Kelvin**  
Director

**Mr. Li Jian**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share Premium HK\$'000	Capital reserve HK\$'000 (Note a)	Statutory reserve HK\$'000 (Note b)	Retained earnings HK\$'000	Exchange reserve HK\$'000 (Note c)	
At 1 January 2024	5,760	65,029	1,824	5,926	74,199	(6,136)	146,602
Loss for the year	-	-	-	-	(17,510)	-	(17,510)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(3,820)	(3,820)
Total comprehensive expense for the year	-	-	-	-	(17,510)	(3,820)	(21,330)
At 31 December 2024 and 1 January 2025	5,760	65,029	1,824	5,926	56,689	(9,956)	125,272
Loss for the year	-	-	-	-	(4,423)	-	(4,423)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	1,134	1,134
Total comprehensive expense for the year	-	-	-	-	(4,423)	1,134	(3,289)
Share issued (note 25)	630	47,250	-	-	-	-	47,880
Transaction costs on share issued (note 25)	-	(260)	-	-	-	-	(260)
At 31 December 2025	6,390	112,019	1,824	5,926	52,266	(8,822)	169,603

## Notes:

### (a) Capital reserve

Capital reserves represents (i) the difference between the consideration for acquisition of non-controlling interest of Dongguan Smart Union Textiles Technology Co., Ltd. (東莞聯兆紡織科技有限公司) ("Smart Union") and the carrying amount of the non-controlling interest, (ii) the contribution from the shareholder due to a deed of waiver dated 23 April 2018 executed by the shareholder and director of the Company, Mr. Wong Kai Hung Kelvin ("Mr. Wong") and a subsidiary of the Company, Smart Team Textiles Technology Limited ("Smart Team"), pursuant to which an outstanding sum in the amount of HK\$2,000,000 owed by Smart Team to Mr. Wong as at 30 April 2018 was irrevocably and unconditionally waived by Mr. Wong and (iii) the nominal value of the share issued to acquire Smart Team; and (iv) the difference between the consideration for the acquisition of the non-controlling interest of Magic Team (Beijing) International Fashion Design Co., Ltd. (幻天(北京)國際服裝設計有限公司) and the carrying amount of the non-controlling interests.

### (b) Statutory reserve

According to The People's Republic of China (the "PRC") Company Law, companies in the PRC are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The statutory reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital. The statutory reserve is not distributable as cash dividends and must be made before distribution of dividend to equity owners.

### (c) Exchange reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(4,448)	(18,776)
Adjustments for:		
Depreciation of plant and equipment	1,726	2,622
Depreciation of right-of-use assets	2,554	1,215
Bank interest income	(26)	(51)
Finance costs	745	1,143
Impairment loss on trade receivables	737	4,363
Impairment loss on intangible assets	192	–
Impairment loss on prepayments	1,928	7,487
Write-down of inventories	466	–
Gain on disposals of plant and equipment	(234)	(124)
Government grants	(405)	(585)
Operating cash flows before movements in working capital	3,235	(2,706)
(Increase) decrease in inventories	(9,984)	9,626
(Increase) decrease in trade receivables	(3,273)	844
Increase in deposits, prepayments and other receivables	(37,505)	(24,401)
(Decrease) increase in trade payables	(1,577)	7,693
Increase in other payables and accruals	4,184	15
(Decrease) increase in contract liabilities	(3,481)	1,250
Cash used in operations	(48,401)	(7,679)
PRC income tax refund	–	1,905
PRC income tax paid	(266)	–
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(48,667)</b>	<b>(5,774)</b>

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(3,043)	(499)
Acquisition of intangible assets	(887)	–
Interest received	26	51
Proceeds from disposal of plant and equipment	432	163
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,472)</b>	<b>(285)</b>
<b>FINANCING ACTIVITIES</b>		
Government grants received	405	585
Proceeds from bank borrowings	20,212	16,445
Repayment of bank borrowings	(19,966)	(13,242)
Repayment of lease liabilities-principal	(2,538)	(959)
Repayment of lease liabilities-interest	(191)	(128)
Interest paid	(554)	(1,015)
Proceeds from other loans	300	5,284
Repayment of other loan	(2,000)	–
Proceeds from issuance of shares	47,880	–
Transaction costs on issuance of shares	(260)	–
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>43,288</b>	<b>6,970</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(8,851)</b>	<b>911</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>78,823</b>	<b>80,497</b>
Effect of foreign exchange rate changes	(228)	(2,585)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>69,744</b>	<b>78,823</b>
Analysis of Components of Cash and Cash Equivalents:		
Bank balances and cash	71,599	81,271
Bank overdraft	(1,855)	(2,448)
	<b>69,744</b>	<b>78,823</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

WebX International Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands, under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 21 February 2017 and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 May 2018.

As at 31 December 2025 and 2024, there was no ultimate parent company of the Company.

The address of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” to this report.

The Company is an investment holding company and its principal subsidiaries are principally engaged in (i) sales of functional knitted fabrics, apparel and yarns; and (ii) cloud-based computing and internet traffic services.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and certain of its Hong Kong subsidiaries. Renminbi (“RMB”) is the functional currency of the PRC subsidiaries of the Company.

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

### Application of amendments to HKFRS Accounting Standards

In the current year, the Group has applied, for its first time, the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

The application of the amendments to HKAS 21 in the current year has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### New and Amendments to HKFRS Accounting Standards Issued but not yet effective

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

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

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

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

The consolidated financial statements have been prepared on the historical cost basis.

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

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

The material accounting policies are set out below.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Revenue from contracts with customers

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

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

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

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

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

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

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

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

### ***Contract assets and contract liabilities***

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Revenue from contracts with customers *(Continued)*

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

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

The Group recognised revenue from sales of goods and cloud-based computing and internet traffic services.

#### *Sales of goods*

Revenue from sales of goods is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of goods).

#### *Cloud-based computing and internet traffic services*

The Group provides performance-based cloud-based computing and internet traffic services which allow customers to place promotion materials on applications or other online platforms. Revenue from cloud-based computing and internet traffic services is recognised when relevant specific performance measures are fulfilled.

### Leasing

#### *Definition of a lease*

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

#### *The Group as lessor*

The Group enters into lease agreements as a lessor with respect to some of its machineries. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate the consideration under the contract to each component.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Leasing *(Continued)*

#### *The Group as lessee*

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

#### *Lease liabilities*

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leasing (Continued)

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

#### *Lease liabilities (Continued)*

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

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated losses and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position. The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

### **Government grants**

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

### **Retirement benefits cost**

Payments to state managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF") are recognised as an expense when employees have rendered service entitling them to the contributions.

### **Short term employee benefits**

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity ; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Taxation (Continued)

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes 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 difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred taxes are recognised in profit or loss.

### Research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured on the same basis as intangible assets acquired separately.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

### Impairment on plant and equipment and right-of-use assets

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Intangible assets

#### *Intangible assets acquired separately*

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

#### **Impairment on intangible assets**

Cryptocurrencies that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The impairment tests for cryptocurrencies are carried out for Bitcoins. Cryptocurrencies that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The increased carrying amount of cryptocurrencies attributable to a reversal of an impairment loss, which is recognised in profit or loss, will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the cryptocurrencies in prior accounting periods.

#### **Foreign currencies**

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Cash and cash equivalents

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

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

### Inventories

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

### Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through other comprehensive income ("FVTOCI")) are added to or deducted from the fair value of the financial assets, 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.

### Financial assets

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Financial assets at amortised cost (debt instruments)

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

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

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

##### Amortised cost and effective interest method

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

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

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

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

Interest income is recognised in profit or loss and is included in "Other income" (note 7).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income".

##### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses 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 expected credit loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and forward looking information that is available without undue cost or effort.

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

##### Significant increase in credit risk

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Financial instruments *(Continued)*

#### **Financial assets** *(Continued)*

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

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

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;
- 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;
- 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.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

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

###### Definition of default

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Impairment of financial assets (Continued)

###### Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 12 months 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 expected credit losses

The measurement of expected credit losses 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.

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.

###### Derecognition of financial assets

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Financial instruments *(Continued)*

#### **Financial liabilities and equity instruments**

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

##### *Financial liabilities*

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

##### *Financial liabilities subsequently measured at amortised cost*

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

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

##### *Derecognition of financial liabilities*

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

#### **Fair value measurement**

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories and value in use of plant and equipment and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Fair value measurement

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

- Level 1 – Fair value measurements are those derived from quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the 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.

The followings are the critical judgements and 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.

### Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is overdue as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss. At 31 December 2025, the carrying amount of trade receivables is approximately HK\$28,862,000 (2024: HK\$25,770,000) and allowance for impairment of trade receivables is approximately HK\$6,801,000 (2024: HK\$5,911,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Estimated write-down for inventories

The management of the Group reviews an ageing analysis of inventories at the end of each reporting period and makes write-down of inventories for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes write-down for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices, the costs necessary to make the sale and current market conditions. As at 31 December 2025, the carrying amount of inventories is approximately HK\$22,827,000 (2024: HK\$12,857,000).

### Impairment of prepayments

The management of the Group determines the provision for impairment of prepayments. This estimate is based on the credit history of its suppliers and current market conditions. Management reassesses the provision on a regular basis by reviewing the utilisation of prepayment balance based on past credit history and prior knowledge of supplier insolvency and market volatilities. As at 31 December 2025, the carrying amount of prepayments is approximately HK\$71,469,000 (2024: approximately HK\$34,961,000) and allowance for impairment of prepayments is approximately HK\$9,482,000 (2024: HK\$7,376,000).

### Deferred taxes

As at 31 December 2025, the Group has unused tax losses of approximately HK\$71,581,000 (2024: HK\$70,921,000). No deferred tax asset had been recognised in respect of such losses due to the unpredictability of future profit streams (2024: nil). The realisability of deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which a reversal takes place.

As at 31 December 2025, the Group has deductible temporary differences of HK\$57,275,000 (2024: HK\$52,615,000). As at 31 December 2025, deferred tax asset of HK\$3,759,000 (2024: HK\$3,494,000) have been recognised in respect of approximately HK\$25,054,000 (2024: HK\$23,293,000) of such temporary differences. No deferred tax asset has been recognised in respect of the deductible temporary differences of the remaining deductible temporary difference of approximately HK\$32,221,000 (2024: HK\$29,322,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

### Estimated impairment of plant and equipment and right-of-use assets

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

As at 31 December 2025, the carrying amounts of right-of-use assets and plant and equipment, are HK\$4,209,000 and HK\$13,258,000 (2024: HK\$3,536,000 and HK\$11,843,000), respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Accounting of cryptocurrencies

HKFRS Accounting Standards do not specifically address accounting for cryptocurrencies. Accordingly, for the preparation of the annual report, management needs to apply judgment in determining appropriate accounting policies based on the facts and circumstances of the Group's acquisition and holding of cryptocurrencies.

Given the Group's purpose for holding cryptocurrencies, management considered that cryptocurrencies purchased and held by the Group should be accounted for as indefinite-lived intangible assets accounted for under the cost model.

As disclosed in Note 17, in determining fair values used for impairment tests, management needs to apply judgment to identify the relevant available markets for trading of cryptocurrencies, and to consider accessibility to and activity within those markets in order to identify the principal cryptocurrency markets to ascertain the respective fair market values. The Group acquired cryptocurrencies during the year ended 31 December 2025.

As at 31 December 2025, the fair value of the cryptocurrencies is approximately HK\$695,000 (2024: nil).

## 5. REVENUE

Revenue represents the amounts received and receivable from sales of goods and cloud-based computing and internet traffic services in the normal course of business, net of sales related tax.

Set out below is the disaggregation of the Group's revenue from contracts with customers.

	2025 HK\$'000	2024 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or services line		
– Sales of goods		
– Sales of functional knitted fabrics	71,270	84,316
– Sales of apparel	25,668	13,077
– Sales of yarns	8,538	12,845
	105,476	110,238
– Cloud-based computing and internet traffic services	29,482	9,790
	134,958	120,028

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE (Continued)

### Disaggregation of revenue by timing of recognition

	2025 HK\$'000	2024 HK\$'000
<b>Timing of revenue recognition</b>		
At a point in time	134,958	120,028

The manufacturing and services contracts are with an original expected duration of less than one year. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price for the performance obligations that are unsatisfied as at the end of the reporting period.

## 6. SEGMENT INFORMATION

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

Specifically, the Group's reportable segments are as follows:

- Sales of functional knitted fabrics, apparel and yarns; and
- Cloud-based computing and internet traffic services.

### Segment revenues and results

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

#### For the year ended 31 December 2025

	Sales of functional knitted fabrics, apparel and yarns HK\$'000	Cloud-based computing and internet traffic services HK\$'000	Total HK\$'000
Segment revenue	105,476	29,482	134,958
Segment profit (loss)	9,532	(3,688)	5,844
Unallocated income			270
Unallocated corporate expenses			(10,464)
Unallocated finance costs			(98)
Loss before taxation			(4,448)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (Continued)

### Segment revenues and results (Continued)

For the year ended 31 December 2024

	Sales of functional knitted fabrics, apparel and yarns HK\$'000	Cloud-based computing and internet traffic services HK\$'000	Total HK\$'000
Segment revenue	110,238	9,790	120,028
Segment (loss) profit	(7,896)	1,344	(6,552)
Unallocated income			597
Unallocated corporate expenses			(12,629)
Unallocated finance costs			(192)
Loss before taxation			(18,776)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit (loss) from each segment without allocation of central administration costs, directors' emoluments, certain other income and finance costs. This is the measure reported to the chief operating decision maker with respect to the resource allocation and performance assessment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

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

#### Segment assets

	2025 HK\$'000	2024 HK\$'000
Sales of functional knitted fabrics, apparel and yarns	157,643	151,683
Cloud-based computing and internet traffic services	60,452	16,591
Total segment assets	218,095	168,274
Corporate and other assets	3,254	10,325
Total assets	221,349	178,599

#### Segment liabilities

	2025 HK\$'000	2024 HK\$'000
Sales of functional knitted fabrics, apparel and yarns	30,906	32,898
Cloud-based computing and internet traffic services	9,013	5,132
Total segment liabilities	39,919	38,030
Corporate and other liabilities	11,827	15,297
Total liabilities	51,746	53,327

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

- All assets are allocated to operating segments, other than pledged bank deposits, certain plant and equipment, right-of-use assets, deposits, other receivables and bank balances and cash; and
- All liabilities are allocated to operating segments, other than bank overdraft, certain other payables and accruals, lease liabilities and bank borrowings and other loans.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (Continued)

### Other segment information

For the year ended 31 December 2025

	Sales of functional knitted fabrics, apparel and yarns <i>HK\$'000</i>	Cloud-based computing and internet traffic services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets ( <i>note</i> )	2,959	4,177	-	7,136
Depreciation of property, plant and equipment	1,722	4	-	1,726
Depreciation of right-of-use assets	896	1,658	-	2,554
Impairment loss on trade receivables	542	195	-	737
Impairment loss on prepayments	-	1,928	-	1,928
Impairment loss on intangible assets	-	192	-	192
Gain on disposals of plant and equipment	(234)	-	-	(234)
Bank interest income	(11)	(3)	(12)	(26)
Government grants	(378)	(27)	-	(405)
Rental income	(1,531)	-	-	(1,531)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Finance costs	507	140	98	745
Income tax (credit) expense	(52)	27	-	(25)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (Continued)

### Other segment information (Continued)

For the year ended 31 December 2024

	Sales of functional knitted fabrics, apparel and yarns HK\$'000	Cloud-based computing and internet traffic services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets (note)	499	2,585	–	3,084
Depreciation of property, plant and equipment	2,622	–	–	2,622
Depreciation of right-of-use assets	587	431	197	1,215
Impairment loss on trade receivables	4,264	99	–	4,363
Impairment loss on prepayment	7,487	–	–	7,487
Gain on disposals of plant and equipment	(124)	–	–	(124)
Bank interest income	(39)	–	(12)	(51)
Government grants	–	–	(585)	(585)
Rental income	(1,513)	–	–	(1,513)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Finance costs	849	102	192	1,143
Income tax (credit) expenses	(1,380)	114	–	(1,266)

Note: Non-current assets excluded deferred tax assets.

### Geographical information

The Group's operations are located in the PRC and Hong Kong.

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

The Group is organised into two operating segments and the sales of functional knitted fabrics, apparel and yarns segment is primarily located in the PRC, which accounted for approximately 74.9% and 91.8% of the total revenue for the year ended 31 December 2025 and 2024. The non-current assets (excluded deferred tax assets) located in the PRC accounted for approximately 66% and 84% of the total non-current assets as at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (Continued)

### Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A <sup>2</sup>	16,459	17,869
Customer B <sup>2</sup>	13,559	17,115
Customer C <sup>1</sup>	9,173	N/A <sup>3</sup>
Customer D <sup>2</sup>	N/A <sup>3</sup>	21,088

<sup>1</sup> Revenue from cloud-based computing and internet traffic services.

<sup>2</sup> Revenue from sales of functional knitted fabrics, apparel and yarns segment.

<sup>3</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group for that period.

## 7. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	26	51
Government grants (note i)	405	585
Rental income (note ii)	1,531	1,513
Net exchange (loss)/gain	(80)	94
Gain on disposals of plant and equipment	234	124
Sundry income	6	400
	<b>2,122</b>	<b>2,767</b>

Notes:

(i) Government grants of approximately HK\$405,000 (2024: HK\$585,000) have been received by the subsidiaries for the year ended 31 December 2025. There were no unfulfilled conditions or contingencies related to these grants.

(ii) For the year ended 31 December 2025, rental income of approximately HK\$1,531,000 (2024: HK\$1,513,000) derived from the rented dyeing and finishing machines.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interests on:		
– Bank borrowings and other loans	554	1,015
– Lease liabilities	191	128
	<b>745</b>	<b>1,143</b>

## 9. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000
Current tax:		
– Hong Kong	28	114
– PRC Enterprise Income Tax (“EIT”)	121	81
	<b>149</b>	<b>195</b>
– Overprovision in prior years	–	(1,905)
	<b>149</b>	<b>(1,710)</b>
Deferred taxation (note 24)	<b>(174)</b>	444
	<b>(25)</b>	<b>(1,266)</b>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. INCOME TAX CREDIT (Continued)

One of the Group's subsidiaries established in the PRC is recognised as a High and New Technology Enterprise ("HNTE") which has been granted tax concessions by the PRC tax bureau and is entitled to PRC EIT at concessionary rate of 15%.

Two of the Group's subsidiaries registered in the PRC are qualified under the Notice of Comprehensive Tax Relief for Small and Micro Enterprises recognised as small and low profit enterprises which have been granted tax concession by PRC tax bureau and are entitled to PRC enterprise income tax at concessionary rate of 5% for the first portion of less than RMB1 million taxable income and 10% for the second portion of more than RMB 1 million but less than 3 million taxable income during the reporting period.

Pursuant to the rules and regulation of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.

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

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(4,448)	(18,776)
Tax at the applicable tax rate at 25% (2024: 25%)	(1,112)	(4,694)
Tax effect of preferential tax rate	(698)	782
Tax effect of super deduction of research and development expenses	(493)	(896)
Tax effect of income not taxable for tax purpose	(52)	(2)
Tax effect of expense not deductible for tax purposes	1,418	2,061
Overprovision in respect of prior years	-	(1,905)
Tax effect of tax losses not recognised	1,193	3,599
Utilisation of tax losses previously not recognised	(1,404)	(388)
Tax effect of deductible temporary difference not recognised	346	117
Effect of two-tiered profits tax rates regime	-	(123)
Effect of different tax rates of subsidiaries operating in other jurisdictions	777	183
Income tax credit for the year	(25)	(1,266)

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC that was effective from 2021 onwards, enterprises engaging in research and development activities are entitled to claim 200% (2024: 200%) of their eligible research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits for relevant periods ended.

Details of the deferred taxation are set out in note 24.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. LOSS FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
Loss for the year has been arrived at after charging/(crediting):		
Directors' emoluments ( <i>note 11</i> )	3,889	3,987
Salaries, allowances and other benefits (excluding directors' emoluments)	12,481	10,645
Contributions to retirement benefits scheme (excluding directors' emoluments)	1,160	979
<b>Total staff costs</b>	<b>17,530</b>	15,611
Auditor's remuneration	650	615
Depreciation of plant and equipment	1,726	2,622
Depreciation of right-of-use assets	2,554	1,215
Research and development costs recognised as an expense ( <i>note</i> )	1,195	2,371
Cost of inventories recognised as an expense	77,143	83,761
Write-down of inventories	466	–
Expenses relating to short-term leases	141	5,156
Net foreign exchange loss (gain)	80	(94)

*Note:*

The research and development expenses disclosed here excluded salaries, allowances and other benefits of approximately HK\$4,152,000 (2024: HK\$3,853,000), and contributions to retirement benefits scheme of approximately HK\$315,000 (2024: HK\$312,000) for the year ended 31 December 2025 which had been included in salaries, allowances and other benefits disclosed above.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the following 8 (2024: 9) individuals including directors and the chief executive were as follows:

	Year ended 31 December 2025				
	Fees	Salaries, allowances and benefits	Discretionary bonuses	Retirement benefit scheme	Total
		in kind		contributions	
HK\$'000	Note (a) HK\$'000	HK\$'000	Note (a) HK\$'000	HK\$'000	
Executive directors:					
Mr. Li Jian	-	960	-	18	978
Mr. Chen Simon Guomin	-	960	-	18	978
	-	1,920	-	36	1,956
Non-executive directors:					
Mr. Wong Kai Hung Kelvin ("Mr. Wong") (Chairman) (Note f)	-	1,440	-	18	1,458
Mr. Hung Yuk Miu	-	115	-	-	115
	-	1,555	-	18	1,573
Independent non-executive directors:					
Mr. Ng Wing Heng, Henry	120	-	-	-	120
Dr. Chan Yee Wah	120	-	-	-	120
Mr. Liu Mingfang (Note i)	120	-	-	-	120
	360	-	-	-	360
Chief executive					
Mr. Xi Bin (Note b)	-	748	-	37	785
	-	748	-	37	785
	360	4,223	-	91	4,674

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Year ended 31 December 2024				Total HK\$'000
	Fees HK\$'000	Salaries, allowances and benefits in kind Note (a) HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions Note (a) HK\$'000	
Executive directors:					
Mr. Wong Kai Hung Kelvin ("Mr. Wong") (Chairman)	-	1,440	-	18	1,458
Mr. Li Jian	-	1,040	-	24	1,064
Mr. Chen Simon Guomin	-	960	-	20	980
	-	3,440	-	62	3,502
Non-executive director:					
Mr. Hung Yuk Miu	-	117	-	-	117
	-	117	-	-	117
Independent non-executive directors:					
Mr. Ng Wing Heng, Henry	120	-	-	-	120
Mr. Fong Kin Tat (Note ii)	60	-	-	-	60
Dr. Chan Yee Wah	128	-	-	-	128
Mr. Liu Mingfang (Note i)	60	-	-	-	60
	368	-	-	-	368
Chief executive					
Mr. Xi Bin (Note b)	-	749	-	37	786
	-	749	-	37	786
	368	4,306	-	99	4,773

Notes:

- Salary and retirement benefit scheme contributions paid to a director is generally an emolument paid or receivables in respect of that person's other services in connection with management of the affairs of the Company or its subsidiary undertakings.
- Mr. Xi Bin is the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.
- Neither the chief executive officer nor any of the directors waived any emoluments during the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

- (d) No emoluments were paid or receivable in respect of any director accepting office as a director during the years ended 31 December 2025 and 2024.
- (e) No amount was paid by the Group to any director or receivable by any director as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2025 and 2024.
- (f) Mr. Wong Kai Hung Kelvin has been re-designated from an executive director to a non-executive director on 19 December 2025.
- (i) Appointed on 21 May 2024
- (ii) Resigned on 21 May 2024

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiaries undertaking		Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of affairs of the Company or its subsidiaries undertaking		Total	
2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
360	368	3,529	3,619	3,889	3,987

## 12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2024: four) were directors and the chief executive officer of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining one (2024: one) individual were as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other allowances	720	500
Retirement benefit scheme contributions	18	15
	738	515

Their emoluments were within the following bands:

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

During the years ended 31 December 2025 and 2024, no emoluments were paid or payable by the Group to the five highest paid individuals as inducements to join or upon joining the Group or as a compensation for loss of office.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 13. DIVIDEND

No dividend has been declared by the Company for the years ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

## 14. LOSS PER SHARE

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

	2025	2024
Loss for the year attributable to owners of the Company ( <i>HK\$'000</i> )	<b>(4,423)</b>	(17,510)
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<b>595,332</b>	576,000
Basic loss per share ( <i>HK cents per share</i> )	<b>(0.74)</b>	(3.04)

Diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PLANT AND EQUIPMENT

	Machineries <i>HK\$'000</i>	Office Equipment <i>HK\$'000</i>	Motor Vehicles <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>					
At 1 January 2024	25,723	4,354	3,309	839	34,225
Additions for the year	32	33	434	–	499
Disposals	–	–	(778)	–	(778)
Exchange realignment	(550)	(92)	(38)	(18)	(698)
At 31 December 2024 and 1 January 2025	25,205	4,295	2,927	821	33,248
Additions for the year	957	–	2,086	–	3,043
Disposals	–	–	(1,278)	–	(1,278)
Exchange realignment	649	106	34	21	810
At 31 December 2025	26,811	4,401	3,769	842	35,823
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>					
At 1 January 2024	13,495	3,098	2,555	798	19,946
Charge for the year	1,252	1,127	205	38	2,622
Disposals	–	–	(739)	–	(739)
Exchange realignment	(307)	(81)	(18)	(18)	(424)
At 31 December 2024 and 1 January 2025	14,440	4,144	2,003	818	21,405
Charge for the year	1,233	–	493	–	1,726
Disposals	–	–	(1,080)	–	(1,080)
Exchange realignment	382	102	9	21	514
At 31 December 2025	16,055	4,246	1,425	839	22,565
<b>CARRYING VALUES</b>					
At 31 December 2025	10,756	155	2,344	3	13,258
At 31 December 2024	10,765	151	924	3	11,843

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. PLANT AND EQUIPMENT (Continued)

The above items of plant and equipment are depreciated on a straight-line basis over their estimated useful lives, taking account into their estimated residual values as follow :

Leasehold improvements	Over the lease term
Machineries	10 to 15 years
Office equipment	2 to 5 years
Motor vehicles	3 years

The Group leased out machineries under operating leases with cost of approximately HK\$18,963,000 (2024: HK\$17,550,000) and accumulated depreciation and impairment losses of approximately HK\$12,128,000 (2024: HK\$10,644,000). The leases run for a period of 1 year to 10 years. Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future period are approximately HK\$1,730,000 (2024: HK\$1,670,000) in the coming year.

## 16. LEASES

### (i) Right-of-use assets

	2025 HK\$'000	2024 HK\$'000
Leased properties	4,209	3,536

The Group has lease arrangements for its leased properties. The lease terms are generally ranged from two to five years.

Right-of-use assets included HK\$622,000 (2024: HK\$1,185,000) of leased properties located in the PRC and HK\$3,587,000 (2024: HK\$2,351,000) of lease properties located in Hong Kong.

Additions to the right-of-use assets for the year ended 31 December 2025 amounted to HK\$3,206,000 (2024: HK\$2,585,000), due to the newly leased properties.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. LEASES (Continued)

### (ii) Lease liabilities

	2025 HK\$'000	2024 HK\$'000
Non-current	1,299	1,623
Current	3,207	2,193
	<b>4,506</b>	<b>3,816</b>

The remaining contractual maturities of the Group's lease liabilities are shown as follow.

	2025 HK\$'000	2024 HK\$'000
Within one year	3,207	2,193
After one year but within two years	1,299	1,542
After two years but within five years	–	81
	<b>4,506</b>	<b>3,816</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(3,207)</b>	<b>(2,193)</b>
Amount due for settlement after 12 months	<b>1,299</b>	<b>1,623</b>

During the year ended 31 December 2025, the Group entered into two (2024: one) new lease agreements in respect of renting properties and recognised lease liabilities in aggregate of HK\$3,206,000 (2024: HK\$2,585,000).

### (iii) Amounts charged in profit or loss

	2025 HK\$'000	2024 HK\$'000
Depreciation expense on right-of-use assets	2,554	1,215
Expense relating to short-term leases	141	5,156
Interest expense on lease liabilities	191	128

### (iv) Others

As at 31 December 2025 and 2024, all committed lease agreements have been commenced.

During the year ended 31 December 2025, the total cash outflow for leases amount to HK\$2,870,000 (2024: HK\$6,243,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. INTANGIBLE ASSETS

	Cryptocurrencies HK\$'000
As at 31 December 2025	
Cost	887
Impairment loss	(192)
Net book amount	695

Cryptocurrencies purchased and held by the Group had been assessed based on each type of cryptocurrencies for impairment testing. The Group purchased more than one Bitcoin during the year ended 31 December 2025. The Group carried out impairment tests for Bitcoins. The recoverable amount of each type of cryptocurrencies are determined based on fair value less costs of disposal. In determining the fair values, the relevant available markets are identified by the Group, and the Group consider accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets for the Group. The fair value of Bitcoins traded in active markets (such as trading and exchange platforms) is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. Therefore, the fair value used for assessment of recoverable amount in impairment test is determined as quoted prices (unadjusted) in active markets for Bitcoin (level 1). Based on the impairment test by comparing the recoverable amounts of Bitcoins to their carrying amounts, an impairment loss of HK\$192,000 in total was recognised in profit or loss by the Group during the year ended 31 December 2025.

## 18. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Work in progress	20,185	10,732
Finished goods	2,642	2,125
	22,827	12,857

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Gross amount of total trade receivables arising from contracts with customer	35,663	31,681
Less: allowance for impairment of trade receivables	(6,801)	(5,911)
	<b>28,862</b>	25,770
Other receivables	1,298	229
Deposits	559	1,892
Prepayments	80,951	42,337
Less: allowance for impairment of prepayments	(9,482)	(7,376)
	<b>73,326</b>	37,082

The Group allows credit period of 30 to 120 days to its trade customers. The Group does not hold any collateral over its trade receivables. The following is an aged analysis of the trade receivables net of allowance for impairment of trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
Within 30 days	24,229	13,537
31 to 60 days	1,084	5,792
61 to 90 days	689	439
91 to 180 days	1,616	4,669
181 to 365 days	17	194
More than 1 year	1,227	1,139
Total	<b>28,862</b>	25,770

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers by due date collectively that included as follows:

As at 31 December 2025	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Within 1 year	6.43%	29,535	1,900
More than 1 year	61.67%	3,201	1,974
Default receivable	100%	2,927	2,927
		35,663	6,801

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

As at 31 December 2024	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Within 1 year	4.71%	25,848	1,217
More than 1 year	61.77%	2,978	1,839
Default receivable	100%	2,855	2,855
		<b>31,681</b>	<b>5,911</b>

Movements of the provision for impairment loss on trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	5,911	1,646
Impairment loss for the year	737	4,363
Exchange realignment	153	(98)
At the end of the year	<b>6,801</b>	5,911

As at 31 December 2025, trade receivables from a debtor amounting to approximately HK\$2,927,000 (2024: HK\$2,855,000) is considered as credit impaired due to its financial difficulty.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Movement of the provision for impairment loss on prepayment is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	7,376	–
Impairment loss for the year	1,928	7,487
Exchange realignment	178	(111)
At the end of the year	9,482	7,376

Included in prepayments are individually impaired of approximately HK\$9,482,000 (2024: HK\$7,376,000) as at 31 December 2025 since the directors of the Company considered the prolonged outstanding balances cannot be utilised or recovered.

## 20. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Current Contract liabilities	1,522	4,978

As at 1 January 2024, contract assets amounted to approximately HK\$3,746,000.

Contract liabilities include prepayments received for the sales of goods and advances from customers for the cloud-based computing and internet traffic services.

For certain customers from sales of goods, the Group receives range from 20% to 30% of the contract values as deposits from customers when they sign the sale and purchase agreements.

For certain customers for cloud-based computing and internet traffic services, the Group receives one month of the contract values as deposits from customers when they sign the service agreements.

The significant decrease in contract liabilities in 2025 was mainly due to decrease in orders of cloud-based computing and internet traffic services business at the end of the year.

Revenue recognised during the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year is HK\$4,978,000 (2024: HK\$3,746,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in the previous year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 21. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Bank balances represented short-term deposits with a maturity of three months or less. At 31 December 2025, bank balances carried at prevailing market rates range from 0.01% to 0.25% per annum (2024: from 0.01% to 0.25% per annum). At 31 December 2025, the pledged bank deposits carry fixed interest rate at 0.40% per annum (2024: 0.40% per annum). The pledged bank deposits will be released upon the settlement of relevant bank borrowings and termination of bank facilities.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group and also pledged to secure short-term bank borrowings and therefore are classified as current assets.

Included in the pledged bank deposits and bank balances and cash are the following amounts denominated in foreign currencies other than the functional currency of relevant group entities:

	2025 HK\$'000	2024 HK\$'000
RMB	5,460	7,019

## 22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Trade payables	7,784	9,216
Other payables and accruals:		
Accrued expenses	6,585	4,232
Other payables	1,201	315
Other tax payables	2,489	1,468
	10,275	6,015

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

	2025 HK\$'000	2024 HK\$'000
Within 30 days	7,105	6,750
31 to 60 days	659	2,340
61 to 90 days	20	–
91 to 180 days	–	59
More than 180 days	–	67
Total	7,784	9,216

The credit period granted is ranging from 30 to 90 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 23. BANK OVERDRAFT/BORROWINGS AND OTHER LOANS

	2025 HK\$'000	2024 HK\$'000
Bank overdraft (notes b & c)	1,855	2,448
Unsecured bank borrowings (notes a, b & c)	20,012	19,277
	<b>21,867</b>	21,725
Other loans (note d)	4,944	6,644
	<b>26,811</b>	28,369

(a) Unsecured bank borrowings and other loans:

	2025 HK\$'000	2024 HK\$'000
Amounts shown under current liabilities	24,956	25,487
Amounts shown under non-current liabilities	–	434
	<b>24,956</b>	25,921

(b) Carrying amounts of bank borrowing repayable (based on scheduled repayment dates set out in loan agreements):

	2025 HK\$'000	2024 HK\$'000
On demand and within one year	20,012	19,277

All bank borrowings outstanding as at 31 December 2025 and 2024 were guaranteed by Mr. Xi Bin, a director of the Company until 5 December 2023 and currently remaining a director of a subsidiary of the Company, and his spouse.

The amounts of banking facilities utilisation at 31 December 2025 and 2024 are set out as following:

	2025 HK\$'000	2024 HK\$'000
Facilities amount	30,483	39,795
Utilisation – Unsecured bank borrowings	21,867	21,725
Unutilised facility amount	8,616	18,070

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 23. BANK OVERDRAFT/BORROWINGS AND OTHER LOANS (Continued)

- (c) As at 31 December 2025 and 2024, there was interest-bearing borrowing carried interest at variable market interest rate based on PRC Loan Prime Rate plus 0.4% per annum and interest-bearing borrowings carried interest at fixed interest rate as follows:

	2025	2024
Variable-rate borrowings	5.75%	3.25% to 6.00%
Fixed-rate borrowings	2.80%	3.96%

- (d) As at 31 December 2025, included in other loans are (i) interest-bearing loan carried fixed interest at 5% of HK\$434,000 from one third party to the Group; and (ii) interest-free loans of HK\$360,000 and HK\$4,150,000 from Mr. Li Jian and Mr. Wong, respectively, who are both directors and shareholders of the Company.

As at 31 December 2024, included in other loans are (i) interest-bearing loans carried fixed interest at 5% of HK\$2,000,000 and HK\$434,000 from two third parties to the Group, respectively; and (ii) interest-free loans of HK\$360,000 and HK\$3,850,000 from Mr. Li Jian and Mr. Wong, respectively, who are both directors and shareholders of the Company.

The loans are repayable in full within one year after the end of the reporting period.

## 24. DEFERRED TAXATION

The following is the analysis of the deferred tax asset, after setting off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax asset	3,759	3,494

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. DEFERRED TAXATION (Continued)

The following are the components of deferred tax liability (assets) recognised and movements thereon during the current and prior years:

	Right-of-use assets <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Provision of inventories <i>HK\$'000</i>	Impairment loss on plant and equipment <i>HK\$'000</i>	Impairment loss on trade receivables <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	(267)	267	(269)	(901)	(2,849)	(4,019)
Charge (credited) to profit or loss (note 9)	27	(27)	–	–	444	444
Exchange differences	–	–	6	21	54	81
At 31 December 2024 and 1 January 2025	(240)	240	(263)	(880)	(2,351)	(3,494)
Charge (credited) to profit or loss (note 9)	97	(97)	(70)	–	(104)	(174)
Exchange differences	–	–	(8)	(22)	(61)	(91)
At 31 December 2025	(143)	143	(341)	(902)	(2,516)	(3,759)

### Deferred tax assets not recognised

As at 31 December 2025, the Group has unused tax losses of approximately HK\$71,581,000 (2024: HK\$70,921,000). No deferred tax asset had been recognised in respect of such losses due to the unpredictability of future profit streams (2024: nil). At the end of the reporting period, the estimated unused tax losses attributable to subsidiaries in the PRC amounted to HK\$24,188,000 (2024: HK\$26,722,000) that will expire within five years from the end of respective reporting period. The remaining tax losses will be carried forward indefinitely.

As at 31 December 2025, the Group has deductible temporary differences of HK\$57,275,000 (2024: HK\$52,615,000). As at 31 December 2025, deferred tax asset of HK\$3,759,000 (2024: HK\$3,494,000) have been recognised in respect of approximately HK\$25,054,000 (2024: HK\$23,293,000) of such temporary differences. No deferred tax asset has been recognised in respect of the remaining deductible temporary difference of approximately HK\$32,221,000 (2024: HK\$29,322,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 25. SHARE CAPITAL

	Number of ordinary shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised</b>		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000	100,000
<b>Issued and fully paid</b>		
As at 1 January 2024, 31 December 2024 and 1 January 2025	576,000	5,760
Shares issued ( <i>note</i> )	63,000	630
As at 31 December 2025	639,000	6,390

*Note:*

During the year ended 31 December 2025, the Company issued an aggregate of 63,000,000 ordinary shares (the "Subscription Shares") upon completion the relevant Subscription (the "Sept 2025 Subscription") on 10 September 2025 at the Subscription price of HK\$0.76 per Subscription Share to independent placees. The gross proceeds from the Sept 2025 Subscription were HK\$47.88 million and the net proceeds were approximately HK\$47.62 million after deducting the commission and other expenses of the Subscription of approximately HK\$260,000. Details of the Sept 2025 Subscription were set out in the Company's announcements dated 29 July 2025, 18 August 2025, 1 September 2025 and 10 September 2025.

## 26. RETIREMENT BENEFITS PLAN

### Hong Kong

The Group operates the MPF under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Under the MPF, the Group is required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs, capped at HK\$1,500 per month, to the MPF Scheme, in which the contribution is matched by the employee. No forfeited contribution under the scheme is available to reduce the contribution payable in future years.

### PRC

As stipulated by rules and regulations in the PRC, subsidiaries in the PRC are required to contribute a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees, subject to a certain ceiling. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of bank borrowings and other loans, bank overdraft, pledged bank deposits, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group reviews its capital structure periodically and considers cost of capital and risks associated with each class of capital. The Group may balance its overall capital structure through new share issues and may also consider the raise of new borrowings as additional capital.

The Group also endeavours to ensure the steady and reliable cash flows from the normal business operation.

## 28. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	At 31 December	
	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
Financial asset at amortised cost (including bank balances and cash)	105,086	111,862
<b>Financial liabilities</b>		
At amortised cost	42,381	42,132

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

The Group's major financial instruments include trade receivables, deposits and other receivables, pledged bank deposits, bank balances and cash, trade payables, other payables and accruals, other loans, bank borrowings and bank overdraft.

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. FINANCIAL INSTRUMENTS (Continued)

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

#### Market risk

##### (i) Currency risk

The Group's operational activities are mainly denominated in RMB. The Group is exposed to foreign currency risk primarily arising from the sales and purchases which give rise to receivables and payables denominated in foreign currencies and bank deposits denominated in foreign currencies other than the functional currency of relevant group entity. The Group currently does not have a foreign currency hedging policy. However, the management of the Company closely monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's monetary assets that are denominated in currencies other than the functional currencies of relevant group entities at the end of the reporting periods are as follows:

	Asset	
	2025 HK\$'000	2024 HK\$'000
RMB	5,460	7,019

#### Foreign currency sensitivity

The following table details the Group's sensitivity to a 5% changes in HK\$ against the foreign currency. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. A positive number indicates a 5% increase in post-tax loss where HK\$ weakening against RMB. For a 5% strengthening against the respective currency, there would be an equal and opposite impact on the post-tax loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. FINANCIAL INSTRUMENTS (Continued)

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

#### Market risk (Continued)

##### (i) Currency risk (Continued)

Foreign currency sensitivity (Continued)

The management of the Company considered that since the currency between HK\$ and USD is pegged under linked-exchange rate system, the effect of change is not significant, accordingly, it is not included in this sensitivity analysis.

	2025 HK\$'000	2024 HK\$'000
Decrease in post-tax loss	228	293

This is mainly attributable to the exposure for RMB pledged bank deposits.

##### (ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to pledged bank deposits, bank balances (note 21), bank borrowings and other loans and bank overdraft (note 23). The Group currently does not have any interest rate hedging policy. It is the Group's policy to keep pledged bank deposits, bank balances and bank borrowings at floating rate as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing market rates on bank balances, variable- rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss would increase/decrease by approximately HK\$220,000 (2024: HK\$262,000) for the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. FINANCIAL INSTRUMENTS (Continued)

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

#### *Credit risk*

As at 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of our Group mainly arises from trade receivables, deposits and other receivables, pledged bank deposits and bank balances. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For deposits and other receivables, pledged bank deposits and bank balances, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered deposits and other receivables to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. FINANCIAL INSTRUMENTS (Continued)

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

#### *Credit risk (Continued)*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor

#### *The Group's exposure to credit risk*

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk (Continued)

The Group's exposure to credit risk (Continued)

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Internal credit rating	12-month or lifetime ECL	31 December 2025			31 December 2024		
			Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	N/A	Lifetime ECL	35,663	(6,801)	28,862	31,681	(5,911)	25,770
Deposits and other receivables	Performing	12-month ECL	1,857	-	1,857	2,121	-	2,121
Pledged bank deposits	Performing	12-month ECL	2,768	-	2,768	2,700	-	2,700
Bank balances and cash	Performing	12-month ECL	71,599	-	71,599	81,271	-	81,271

The Group's concentration of credit risk by geographical location is mainly in the PRC, which accounted for approximately 73.9% and 86.7% of the total trade receivables as at 31 December 2025 and 2024.

As at 31 December 2025 and 2024, the Group has concentration of credit risk as 0% and 3% of the total trade receivables was due from the Group's largest customer while 34% and 51% of the total trade receivables was due from the Group's top five largest customers, respectively.

#### Liquidity risk

The Group monitors and maintains a level of bank balances and cash deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk (Continued)

Liquidity risk tables

	Weighted average effective interest rate %	On demand or within one year HK\$'000	More than one year but less than five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 31 December 2025</b>					
Trade payables	–	7,784	–	7,784	7,784
Other payables and accruals	–	7,786	–	7,786	7,786
Other loans	0%–5.00%	4,966	–	4,966	4,944
Bank borrowings	2.80%	20,292	–	20,292	20,012
Bank overdraft	5.75%	1,962	–	1,962	1,855
		<b>42,790</b>	<b>–</b>	<b>42,790</b>	<b>42,381</b>
Lease liabilities	3.80%–6.00%	3,256	1,452	4,708	4,506

	Weighted average effective interest rate %	On demand or within one year HK\$'000	More than one year but less than five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 31 December 2024</b>					
Trade payables	–	9,216	–	9,216	9,216
Other payables and accruals	–	4,547	–	4,547	4,547
Other loans	0%–5.00%	6,310	456	6,766	6,644
Bank borrowings	3.25%–3.96%	20,193	–	20,193	19,277
Bank overdraft	6.00%	2,595	–	2,595	2,448
		<b>42,861</b>	<b>456</b>	<b>43,317</b>	<b>42,132</b>
Lease liabilities	3.50%–6.00%	2,332	1,654	3,986	3,816

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 29. RELATED PARTY TRANSACTIONS

During the years ended 31 December 2025 and 2024, transactions with the following parties are considered to be related parties transactions:

Name of related party	Relationship with the Group
Mr. Li Jian	Director and Shareholder of the Company
Mr. Wong Kai Hung, Kelvin ("Mr. Wong")	Director and Shareholder of the Company
Mr. Xi Bin	Chief executive officer and remaining as director of a substantial subsidiary of the Company
Mr. Hung Yuk Miu ("Mr. Hung")	Non-executive Director of the Company
Proudy Limited	Wholly owned by Mr. Hung
Leahander Investment Limited	Mr. Wong is a controller of the Company

- (a) Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 December 2025 and 2024, the Group has entered into transactions with related parties as follows:

Related party	Nature of transaction	2025 HK\$'000	2024 HK\$'000
Proudy Limited	Consultancy services	120	120
Leahander Investment Limited	Rental	108	–

Each of the above transactions was conducted at terms determined on a basis mutually agreed with the Group and the respective related party.

- (b) Compensation to key management personnel

The key management personnel are the directors of the Company. Details of the remuneration paid to the directors are set out in note 11 to the consolidated financial statements.

- (c) Personal guarantee provided by former executive director to secure bank borrowings

Mr. Xi Bin, the executive director of the Company until 5 December 2023 and currently remaining a chief executive officer and director of a subsidiary of the Company, has provided personal guarantee for the bank borrowings with principal amount of approximately HK\$20,012,000 (2024: approximately HK\$19,277,000) for the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SUBSIDIARIES OF THE GROUP

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Paid up issued registered ordinary share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company 31 December		Principal activities
				Directly		Indirectly		2025	2024	
				2025	2024	2025	2024			
World Vantage Investments Limited ("World Vantage")	BVI	Ordinary shares	USD1	100%	100%	N/A	N/A	100%	100%	Investment holdings
Smart Team Textiles Technology Limited ("Smart Team")	Hong Kong	Ordinary shares	HK\$10	N/A	N/A	100%	100%	100%	100%	Sales of functional knitted fibres and yarns
Guangdong Smart Team Textiles Technology Co., Ltd.** ("Guangdong Smart Team") 廣東兆天紡織科技有限公司	PRC	Contributed capital	RMB10,000,000	N/A	N/A	100%	100%	100%	100%	Sales of functional knitted fabric
Dongguan Smart Union Textiles Technology Limited*# ("Smart Union") 東莞聯兆紡織科技有限公司	PRC	Contributed capital	RMB1,000,000	N/A	N/A	100%	100%	100%	100%	Sales of functional knitted fabric
Magic Team (Beijing) International Fashion Design Co., Ltd.** ("Magic Team") 幻天(北京) 國際服裝設計有限公司	PRC	Contributed capital	RMB500,000	N/A	N/A	100%	100%	100%	100%	Design and sales of apparel
Cloudpotent Limited ("Cloudpotent")	Hong Kong	Ordinary shares	HK\$10,000	100%	100%	N/A	N/A	100%	100%	Cloud-based computing and internet traffic services
Flowbox Limited	Hong Kong	Ordinary shares	HK\$10,000	N/A	N/A	100%	100%	100%	100%	Cloud-based computing and internet traffic services
WebX International (Hong Kong) Limited ("WebX HK")	Hong Kong	Ordinary shares	HK\$10,000	N/A	N/A	100%	100%	100%	100%	Cloud-based computing and internet traffic services
智雲超算(深圳)有限公司#	PRC	Ordinary shares	HK\$1,000,000	N/A	N/A	100%	100%	100%	100%	Cloud-based computing and internet traffic services

\* The English name is for identification only. The official name of the company is in Chinese.

# Those subsidiaries are wholly foreign owned enterprises.

None of the subsidiaries had issued any debt securities during both years or at the end of both years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. MAJOR NON CASH TRANSACTION

During the year ended 31 December 2025, the Group entered into new lease arrangements in respect of certain leased properties. Right-of-use assets and lease liabilities of HK\$3,206,000 (2024: HK\$2,585,000) were recognised at the commencement date of the leases.

## 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Non-cash changes					
	1/1/2025 HK\$'000	Financing cash flows HK\$'000	New lease arrangement HK\$'000	Finance costs incurred HK\$'000	Foreign exchange movements HK\$'000	31/12/2025 HK\$'000
Bank borrowings	19,277	(286)	–	532	489	20,012
Other loans	6,644	(1,722)	–	22	–	4,944
Lease liabilities	3,816	(2,729)	3,206	191	22	4,506
	<b>29,737</b>	<b>(4,737)</b>	<b>3,206</b>	<b>745</b>	<b>511</b>	<b>29,462</b>

	Non-cash changes					
	1/1/2024 HK\$'000	Financing cash flows HK\$'000	New lease arrangement HK\$'000	Finance costs incurred HK\$'000	Foreign exchange movements HK\$'000	31/12/2024 HK\$'000
Bank borrowings	16,469	2,240	–	963	(395)	19,277
Other loans	1,360	5,232	–	52	–	6,644
Lease liabilities	2,220	(1,087)	2,585	128	(30)	3,816
	<b>20,049</b>	<b>6,385</b>	<b>2,585</b>	<b>1,143</b>	<b>(425)</b>	<b>29,737</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Investment in subsidiaries		110	110
<b>Current assets</b>			
Amounts due from subsidiaries	(a)	99,584	57,820
Bank balances and cash		3,068	501
Deposits and prepayments		1,126	1,126
		<b>103,778</b>	59,447
<b>Current liabilities</b>			
Amount due to a subsidiary		89	434
Other loans		794	360
Accrual		5,151	2,959
		<b>6,034</b>	3,753
<b>NET CURRENT ASSETS</b>		<b>97,744</b>	55,694
<b>NET ASSETS</b>		<b>97,854</b>	55,370
<b>Non-current liability</b>			
Other loan		–	434
<b>Capital and reserves</b>			
Share capital	25	6,390	5,760
Reserves	(b)	91,464	49,610
<b>Total equity</b>		<b>97,854</b>	55,370

Notes:

- (a) The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. The directors of the Company expect repayments from subsidiaries within next twelve months from the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes: (Continued)

(b) Movements in reserves

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	65,029	(8,995)	56,034
Loss for the year	–	(6,424)	(6,424)
Total comprehensive expense for the year	–	(6,424)	(6,424)
At 31 December 2024 and 1 January 2025	<b>65,029</b>	<b>(15,419)</b>	<b>49,610</b>
Loss for the year	–	<b>(5,136)</b>	<b>(5,136)</b>
Total comprehensive expense for the year	–	<b>(5,136)</b>	<b>(5,136)</b>
Share issued (note 25)	<b>47,250</b>	–	<b>47,250</b>
Transaction costs on share issued (note 25)	<b>(260)</b>	–	<b>(260)</b>
At 31 December 2025	<b>112,019</b>	<b>(20,555)</b>	<b>91,464</b>