

# kinetix

**Kinetix Systems Holdings Limited**

**捷冠控股有限公司**

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8606



# 2025

Annual Report

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Yu Larry  
(Chairman and Chief Executive Officer)  
(formerly known as Yu Pak Lun Larry)  
Mr. Law Cheung Moon  
Mr. Leung Patrick Cheong Yu

#### Independent Non-executive Directors

Ms. Lam Shun Ka (formerly known as Lam Yuk Shan)  
Mr. Li Xiaoping  
Mr. Tong Tsz Kwan

### BOARD COMMITTEES

#### Audit Committee

Mr. Tong Tsz Kwan (Chairman)  
Ms. Lam Shun Ka (formerly known as Lam Yuk Shan)  
Mr. Li Xiaoping

#### Remuneration Committee

Ms. Lam Shun Ka (Chairman)  
(formerly known as Lam Yuk Shan)  
Mr. Yu Larry (formerly known as Yu Pak Lun Larry)  
Mr. Li Xiaoping

#### Nomination Committee

Ms. Lam Shun Ka (Chairman)  
(formerly known as Lam Yuk Shan)  
Mr. Yu Larry (formerly known as Yu Pak Lun Larry)  
Mr. Li Xiaoping

### COMPANY SECRETARY

Mr. Fung Kui Kei

### REGISTERED OFFICE

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

### HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS

Suites 3103-3105, 31/F.,  
AIA Kowloon Tower, Landmark East,  
100 How Ming Street,  
Kwun Tong, Kowloon,  
Hong Kong

### AUDITOR

Linksfield CPA Limited  
Certified Public Accountants  
and Registered Public Interest Entity Auditor  
Units 2001-2, 20th floor  
Podium Plaza, 5 Hanoi Road  
Tsim Sha Tsui, Kowloon

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### AUTHORISED REPRESENTATIVES

Mr. Yu Larry (formerly known as Yu Pak Lun Larry)  
Mr. Fung Kui Kei

### COMPLIANCE OFFICER

Mr. Leung Patrick Cheong Yu



## **CORPORATE INFORMATION**

### **PRINCIPAL BANKER**

The Bank of East Asia, Limited  
10 Des Voeux Road Central  
Hong Kong

### **STOCK CODE**

8606

### **WEBSITE**

[www.kinetix.com.hk](http://www.kinetix.com.hk)



## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board (the "Board") of directors (the "Director") of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2025 ("FY2025") to the shareholders of the Company (the "Shareholder").

Founded in 1998, we have become a reputable and traditional information technology (IT) services provider, offering a diverse portfolio that includes IT infrastructure solutions, IT development services, and IT maintenance and support. With around 27 years of experience in the IT consulting industry in Hong Kong, the Group serves both private and public sectors. Our clients include government agencies, banks and financial institutions, technology and media companies, as well as transportation and logistics firms.

Kinetix Systems Holdings Limited demonstrated a strong recovery in its financial performance for the year ended December 31, 2025. Revenue increased to HK\$393.1 million (FY2024: HK\$335.3 million), driving gross profit up to HK\$78.6 million (FY2024: HK\$66.5 million). Gross profit margin was broadly unchanged at 20.0% in FY2025 (FY2024: 19.8%), indicating that the increase in gross profit primarily reflected higher sales rather than an improvement in cost of sales relative to revenue. Operating performance improved to an operating profit of HK\$3.9 million for FY2025 (FY2024: operating loss of HK\$6.6 million), mainly supported by revenue growth and a decrease of the provision of expected credit losses. Profit before tax was HK\$3.3 million (FY2024: loss before tax of HK\$6.8 million), and profit for the year was HK\$3.2 million (FY2024: loss of HK\$6.9 million).

As Kinetix Systems Holdings Limited moves into 2026, the focus should be on sustaining revenue growth through market expansion and innovation. By managing costs effectively and investing in employee development, the company can enhance operational efficiency. Strengthening customer relationships will also be key to maintaining loyalty and driving sales. Overall, a strategic approach to growth and efficiency will help ensure continued profitability and stability in the future.

On behalf of the Board, I would like to extend our heartfelt thanks to our Shareholders, bankers, customers, and business partners for their unwavering support and trust in us. A special appreciation goes to our staff for their incredible efforts and contributions. With our dedicated management and skilled teams, I am confident that the Group will successfully reach our business objectives.

Yours Sincerely,

**Kinetix Systems Holdings Limited**

**Yu Larry**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 30 March 2026



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Yu Larry (余漢棟) (formerly known as Yu Pak Lun Larry (余柏麟)) (“Mr. Yu”)**, aged 54, is the Chairman, Chief Executive Officer (“CEO”) and an executive Director. Mr. Yu is also a member of the Nomination Committee and the Remuneration Committee. He also holds directorships in all subsidiaries of the Company. He joined the Group in 1998. He has been involved in the day-to-day management of the Group. Mr. Yu is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. Mr. Yu has over 26 years of experience in the IT industry and business management.

Mr. Yu graduated from the University College London in the United Kingdom with a bachelor’s degree in computer science with electronic engineering in August 1993. He obtained his master degree in computer science from The Hong Kong University of Science and Technology in November 1995 and master degree in law from Renmin University of China (中國人民大學) in the PRC in June 2011.

**Mr. Law Cheung Moon (羅章滿) (“Mr. Law”)**, aged 47, is an executive Director. He joined the Group as the associate consultant in May 2001. Mr. Law was promoted to the project manager in February 2008, the senior project manager in April 2010, the head of professional resources in November 2015, the head of enterprise services in October 2019 and the head of project management office in May 2021. In July 2023, he is transferred to senior project manager of the professional services team, in which primarily responsible for project governance and supervising the service delivery of projects of our Group. Mr. Law has over 23 years of experience in the IT industry.

Mr. Law graduated from The Chinese University of Hong Kong with a bachelor’s degree in engineering in November 2001.

**Mr. Leung Patrick Cheong Yu (梁昌豫) (“Mr. Leung”)**, aged 56, is an executive Director and Compliance officer. He joined the Group as senior consultant in February 2004. Mr. Leung was promoted to the Standing Offer Agreement for Quality Professional Services (the “SOA-QPS”) programme manager in February 2011, senior manager in March 2014, sales director in November 2015, where he is primarily responsible for management of the SOA-QPS programme and sales coverage of products. Mr. Leung has over 29 years of experience in the IT industry.

Mr. Leung graduated from the Purdue University in the United States of America with a bachelor’s degree in mechanical engineering in December 1992. He obtained his master degree in mechanical engineering from the Massachusetts Institute of Technology in the United States of America in September 1994.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Lam Shun Ka (林汛珈) (formerly known as Lam Yuk Shan (林玉珊)) (“Ms. Lam”)**, aged 54, is an independent non-executive Director. She is primarily responsible for participating in meetings of the Board to bring an independent judgment to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required. Ms. Lam is also the chairman of the Nomination Committee and the Remuneration Committee, and a member of the Audit Committee.

Ms. Lam has more than 18 years of experience in sales channel development. Ms. Lam was an administrative specialist at IBM China/Hong Kong Limited from January 2005 to November 2005, a sales operation at the same company from April 2006 to March 2007 and a business operations professional in IBM Software Sales Department of IBM China/Hong Kong Limited from March 2007 to February 2016.

Ms. Lam obtained a bachelor of social science degree, majoring in government and public administration from The Chinese University of Hong Kong in December 1995. She obtained a bachelor of laws degree from the Manchester Metropolitan University (United Kingdom) through distance learning in September 2004.

**Mr. Li Xiaoping (李小平) (“Mr. Li”)**, aged 54, is an independent non-executive Director. He is primarily responsible for participating in meetings of the Board to bring an independent judgment to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required. Mr. Li is also the member of the Nomination Committee, the Remuneration Committee and the Audit Committee.

Mr. Li has over 30 years of experience in the legal field. He is currently a practicing partner of Zhejiang Maida Law Firm\* (浙江麥迪律師事務所) in the PRC. He has served in several law firms in PRC since 1994, and was promoted to partner in 1997. He is also a member of the company and security profession committee of the Lawyers Association of Zhejiang Province\* (浙江省律師協會公司與證券專業委員會) and a member of the Finance and Insurance Committee of Zhejiang Province\* (浙江省金融與保險專業委員會). In 2015, Mr. Li was elected as one of the most influential lawyers in the Xihu district by the Political and Legal Affairs Commission of the Xihu District of Hangzhou City (杭州市西湖區委政法委) and the Justice Bureau of the Xihu District of Hangzhou City (杭州市西湖區司法局) of Zhejiang Province, the PRC. In 2017, he was accredited as an excellent lawyer by the Justice Bureau of the Xihu District of Hangzhou City (杭州市西湖區司法局).

Mr. Li obtained a certificate of lawyer qualification in the PRC in 1996 and he passed the Self-taught Higher Education Examination (高等教育自學考試) in law at the Zhengzhou University (鄭州大學) in 2003.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Tong Tsz Kwan (唐旨均) (“Mr. Tong”)**, aged 46, is an independent non-executive Director. He is primarily responsible for participating in meetings of the Board to bring an independent judgment to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required. Mr. Tong is also the chairman of the Audit Committee. He has over 23 years of accounting, auditing and corporate financing experiences. Mr. Tong joined Sing Lee Software (Group) Limited (stock code: 8076) since June 2007 and resigned in April 2024. Mr. Tong is currently an independent non-executive Director of Oriental Payment Group Holdings Limited (stock code: 8613) and the Chief Risk Officer of Dawnrays Pharmaceutical (Holdings) Limited (stock code: 2348).

Mr. Tong is the member of the Anxi County, Fujian Province Committee of Chinese People’s Political Consultative Conference. Mr. Tong is also the director of the Hong Kong Fukien Chamber of Commerce and Hong Kong Fukien Chamber of Commerce Education Fund Limited, member of the Youth Affairs Working Committee of China Star Light Charity Fund Association, executive vice president of the Hong Kong Quarry Bay Residents Association. Mr. Tong is also the Vice General Secretary of the 5th Committee of Quanzhou Overseas Friendship Association and director of An Kwei Clans Association (H.K.) Limited. He is the member of Vocational Training Council Accountancy Training Board, External Academic Advisor of Master of Science in Professional Accounting and Corporate Governance in City University of Hong Kong, External Advisor of the Department of Accountancy and Law of Hong Kong Baptist University and advisor of Business Association, Business and Economics Association, the Hong Kong University Students’ Union.

Mr. Tong graduated with a Master of Business Administration Degree in Finance from University of Southern Queensland in May 2008. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Tong is a fellow member of The Chartered Governance Institute (“CGI”) and The Hong Kong Chartered Governance Institute (“HKCGI”). He is currently a member of Professional Development Committee and Assessment Review Panel of HKCGI.

### SENIOR MANAGEMENT

**Mr. Lam Tai Wai, David (林大為) (“Mr. David Lam”)**, aged 52, joined our Group as the managing consultant in February 2000 and was promoted as the chief operating officer in November 2015 in which he is primarily responsible for participating in the day-to-day management and supervision of business operations, mainly sales, projects delivery, project management and administration and human resources of the Group. Mr. David Lam has over 25 years of experience in the IT industry.

Mr. David Lam graduated from The Hong Kong University of Science and Technology with a bachelor’s degree in computer science in November 1995. He obtained his master degree in computer science from The Hong Kong University of Science and Technology in November 1996.



## MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1998, we are currently a well-established IT services provider with business portfolio including provision of IT infrastructure solutions services, IT development solutions services and IT maintenance and support services with approximately 27 years of experience in the IT consulting services industry in Hong Kong. Our principal businesses include IT infrastructure solutions services, IT development solutions services and IT maintenance and support services.

### **BUSINESS REVIEW**

For FY2025, the Group recorded a net profit attributable to equity shareholders of the Company of approximately HK\$2.5 million as compared to the net loss attributable to equity shareholders of the Company of approximately HK\$4.7 million in FY2024. The improvement in results of approximately HK\$10.1 million was primarily due to (i) the increase in gross profit of approximately HK\$12.1 million mainly represented by the increase in gross profit in the provision of infrastructure solution services and IT development solution services in FY2025; and (ii) the decrease in provision for expected credit losses by approximately HK\$2.8 million as compared to FY2024.

However, these positive impacts were partially offset by an increase in selling expense of HK\$4.6 million.

#### **Provision of IT infrastructure solution services**

This segment provides IT infrastructure solutions services to our clients by advising them the hardware and/or software that their IT systems would require and procuring the relevant hardware and/or software and integrating them with our client's IT systems. In FY2025, this segment generated revenue of HK\$219.7 million, accounting for 55.9% of total revenue. This represented a substantial increase of approximately 22.7%, rising from HK\$179.0 million. The growth can be attributed to a higher number of projects awarded and an increase in the total contract value during FY2025.

#### **Provision of IT development solution services**

This segment provides IT development solutions services that generally include system analysis and design, software development and technology consultancy. In FY2025, this segment generated revenue of HK\$124.6 million, representing 31.7% of total revenue. This reflects an 14.8% increase from approximately HK\$108.5 million in the previous year, primarily driven by a rise in the number of projects undertaken during FY2025.

#### **Provision of IT maintenance and support services**

This segment provides IT maintenance and support services. In FY2025, it generated approximately HK\$48.8 million in revenue, accounting for 12.4% of the total revenue. This marks an increase of about 2.0%, rising from approximately HK\$47.8 million in the previous year. The increase was primarily driven by an increase in the average contract value of IT maintenance and support projects during FY2025.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OBJECTIVES AND USE OF PROCEEDS

By leveraging on the Group's current sales network, its services, technology, and customers recognition, the Group intends to continue with our business strategies and the implementation plan as set out in the prospectus of the Company dated 13 February 2023 (the "Prospectus") of the Rights Issue. The plan includes:

- (1) Develop and cultivate the new energy vehicle industry
- (2) Expand the technical and development solution services in the PRC
- (3) Working capital and other general corporate purposes

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the issuance of Rights Issue to 31 December 2025 are set out below:

The bases and assumptions (including commercial assumptions) in support of our assessment. The net proceeds of the Group raised from the Rights Issue was approximately HK\$29.9 million, after deducting the underwriting fees, commissions, and other listing expenses. Up to 31 December 2025, the Group has utilised proceeds from the Rights Issue of approximately HK\$18.0 million and a summary of use of proceeds are set out in the table below:

	<b>As set out in the Prospectus</b>	<b>Amount expected to be used up to 31 December 2025</b>	<b>Amount actually used up to 31 December 2025</b>	<b>Balance as at 31 December 2025</b>	<b>Expected timeline to fully utilise the remaining net proceeds</b>
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	
Develop and cultivate the new energy vehicle industry	11.9	–	–	11.9	31 December 2026
Expand the technical and development solution services in the PRC	8.0	8.0	8.0	–	Fully utilised
Working capital and other general corporate purposes	10.0	10.0	10.0	–	Fully utilised
<b>Total</b>	<b>29.9</b>	<b>18.0</b>	<b>18.0</b>	<b>11.9</b>	

Up to 31 December 2025, the actual application of net proceeds from the Rights Issue were used according to the intentions previously disclosed in the Prospectus. However, save for the use of proceeds for expanding the technical and development solution services in the PRC and as working capital and other general corporate purposes which was in line with the timeline as disclosed in the Prospectus, there was a general delay in the timeline in the use of proceeds for the development and cultivation of the new energy vehicle industry due to the following reason:



## MANAGEMENT DISCUSSION AND ANALYSIS

The amount of approximately HK\$11.9 million was earmarked for development and cultivation of new energy vehicle industry through potential merger and acquisition opportunities of companies principally engaged in new energy vehicle consulting, supply chain solution, technical and development solution services in the PRC was generally delayed mainly due to (i) the decline in purchasing power of citizen in the PRC as a result of the macroeconomic downturn; and (ii) the oversupply and significant increase in market competition in the new energy vehicle industry.

In FY2025, the Group continued to seek possible cooperation and opportunities in the new energy vehicle business proactively. However, due to the aforementioned reasons, the Group was unable to identify appropriate opportunity that favourable to our Group, resulting in the inability to utilize remaining proceeds for further development. Looking ahead to FY2026, the group plans to reassess its strategic priorities in light of the evolving market landscape. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the present and future business market situation as determined by the Board. It is anticipated that the full utilization of the remaining net proceeds will extend to December 31, 2026.

In line with this, the management aim to enhance our market analysis and competitive intelligence to identify emerging trends and shifts in consumer behavior. Additionally, the management will explore collaborations not only within the new energy vehicle industry but also in adjacent sectors that may offer synergistic benefits.

By adopting a more agile approach and leveraging innovation, the group aims to navigate current challenges and position itself favorably for future growth. The focus will be on aligning with companies that demonstrate strong growth potential, sustainable practices, and technological advancements, thereby ensuring maximum value for our stakeholders.

The group will perform adequate due diligence and negotiate the principal terms and conditions of any potential acquisition as opportunities materialise. Appropriate announcements will be made as necessary, in accordance with the GEM Listing Rules. Management will continue to assess the group's operations and financial performance, adapting plans for the remaining proceeds to cope with changing market conditions and striving for improved business performance.

### MAJOR RISKS AND UNCERTAINTIES

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible. The followings are the major risks and uncertainties of our business:

- (1) We rely on a supplier's hardware and software for our provision of IT infrastructure and development solutions services, and any shortage or delay in the supply of hardware and software from its authorised distributors or any deterioration of business relationship with that suppliers and/or its authorised distributor(s) may materially and adversely affect our results of operations.
- (2) Our operations may be affected by concentrating on a few key suppliers. Should there be any loss of key suppliers or disruption in their supply, our business and results of operations could be materially and adversely affected.
- (3) Our Group is exposed to credit risk of our clients.
- (4) We may encounter cost overruns or delays in our IT infrastructure and development solutions projects and our business, financial position and results of operation may be materially and adversely affected.



## MANAGEMENT DISCUSSION AND ANALYSIS

- (5) We are unable to control the quality of the hardware and/or software provided by our suppliers. Should the products provided by our suppliers be defective or fail to meet the required standards, our business and reputation may be adversely affected.
- (6) Part of our works are subcontracted to subcontractors. Our operations and financial results may be adversely affected by any delay, drop out or defects in their work.
- (7) It may be difficult for us to maintain our high business partnership rankings with the IT products vendors and distributors.
- (8) Our current Standing Offer Agreement with the Hong Kong Government will expire in January 2026. There is no assurance that we will continue to provide quality professional services as an approved contractor of the Hong Kong Government and its statutory bodies.
- (9) It may be difficult for us to recruit, train and retain capable and experienced sales staff and highly skilled technical staff. If there is any shortfall in our workforce or increase in labour cost, our business operations may be materially impeded and our financial results may be adversely affected.
- (10) Our business may be adversely affected if we fail to retain certain key executives and senior management or find suitable replacements since our performance relies heavily on them.
- (11) We are exposed to potential liabilities for damages as a result of our negligent acts or omissions in our services.
- (12) We may be vicariously liable for the acts or omissions of our staff and face claims or legal actions brought by our clients for damages as a result of the negligent conduct or fault of our staff.
- (13) During the implementation of IT infrastructure and development solutions projects, we may record net cash outflows. If we take up too many significant projects in the future, we may not have sufficient working capital, which may affect our financial position.
- (14) The project basis of our IT projects create uncertainty and degree of inherent risk factors that will affect our future revenue streams.
- (15) Our business and our financial performance may be adversely affected by any infringement of our intellectual property rights or any infringement by us of the intellectual property rights of others, in particular our clients.
- (16) There may be adverse impact on our reputation and business operations in the event of leakage or misappropriation of confidential information handled by us especially there is an increasing trend in application of artificial intelligence (“AI”).
- (17) Our success hinges on our ability to keep pace with the rapid changes in IT technology and to provide innovative solutions, services and products in response to rapidly evolving market demand. Our business, financial conditions and result of operations may be adversely impacted if we fail to do so.



## MANAGEMENT DISCUSSION AND ANALYSIS

- (18) We are subject to various risks relating to the development of cloud computing and IoT solutions.
- (19) We may not be able to successfully implement our strategies, or achieve our business objectives.
- (20) We may not be adequately insured against losses and liabilities arising from our operations, as set forth in the section headed “Business Objectives and Use of Proceeds” above.
- (21) We may face foreign exchange exposure as the Group is operating some subsidiaries in the PRC and Singapore, as such, we will continue to monitor the foreign exchange exposure.
- (22) Application of AI in a malicious way may increase the chance of cyberattacks, which will hinder our customers’ information protection and their trust.

For other risks and uncertainties facing the Group, please refer to the section headed “Risks Factors” in the prospectus of the Company dated 30 June 2018. An analysis of the Group’s financial risk management (included foreign exchange risk, credit risk, liquidity risk and interest rate risk) objectives and policies are provided in Note 3 to the consolidated financial statements.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group’s system of internal controls and risk management annually and further enhance the Group’s internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Board has reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Board will continue to review at least annually the need for an internal audit function.

The Board has conducted a review of the effectiveness of the Group’s risk management and internal control systems for the year ended 31 December 2025, covering the material financial, operational and compliance controls, and considered the Group’s risk management and internal control systems effective and adequate.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Outlook and Prospects

Looking forward, Kinetix Systems Holdings Limited recognizes that the global business environment remains dynamic and may present challenges. However, the company is focused on maintaining stable revenue growth and enhancing profitability in the upcoming fiscal year. With a commitment to operational efficiency, Kinetix will continue to utilize its project management office to monitor and optimize project costs, ensuring satisfactory gross profit margins.

The company aims to expand its range of services and geographical footprint, capitalizing on its solid IT expertise and industry experience. By proactively seeking new business opportunities and strengthening relationships with existing clients, Kinetix is well-positioned to achieve sustainable growth. With a strategic focus on enhancing business operations and financial stability, Kinetix remains optimistic about delivering value to its stakeholders in the medium to long term.

## Revenue

For FY2025, the Group's revenue reached approximately HK\$393.1 million, reflecting an increase of about HK\$57.8 million, or 17.2%, compared to FY2024 (2024: approximately HK\$335.3 million). This growth was driven by several key factors: (i) a rise in revenue from IT infrastructure solution services projects, which increased by approximately HK\$40.7 million due to a greater number of awarded projects and an increase in total contract value; and (ii) an increase in revenue from IT development solution services projects, which saw a growth of approximately HK\$16.1 million due to a rise in the overall number of projects.

## Gross Profit and Gross Profit Margin

For FY2025, the Group's gross profit amounted to approximately HK\$78.6 million, representing an increase of around HK\$12.1 million, or 18.2%, compared to FY2024 (2024: approximately HK\$66.5 million). This growth was primarily driven by higher sales volume. The Group's gross profit margin was broadly stable at 20.0% in by 2025 (FY2024: 19.8%).

## Selling Expenses

The Group's selling expenses for FY2025 amounted to approximately HK\$19.1 million, representing an increase of approximately HK\$4.6 million or 31.3% compared to FY2024 (2024: approximately HK\$14.5 million). Such increase was mainly attributed by the increase in salaries expenses by approximately HK\$4.3 million due to the increase in number of staff, salary increment in sales department and the increase in sales commission due to better business performance.

## Administrative and general expenses

Administrative and general expenses for FY2025 were approximately HK\$56.4 million, broadly in line with FY2024 (FY2024: HK\$56.4 million). Administrative staff costs decreased by HK\$3.5 million to HK\$37.4 million (FY2024: HK\$40.9 million), primarily reflecting cost-control measures and a reduction in headcount. This saving was partly offset by higher depreciation of right-of-use assets.

## Profit and Total Comprehensive Income for the Year

The Group recorded a net profit of approximately HK\$3.2 million for FY2025, a notable improvement compared to the net loss of approximately HK\$6.9 million for FY2024. Factors contributing to this increase included a decrease in expected credit loss provisions by about HK\$2.8 million, an increase in gross profit of approximately HK\$12.1 million. These positive impacts were slightly offset by the increase in selling expense. The total comprehensive income for FY2025 was approximately HK\$3.1 million, compared to a total comprehensive loss of approximately HK\$6.9 million in FY2024, which mainly include the abovementioned reasons and an exchange difference arising on translation of a subsidiary in Shanghai.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL POSITION

### Liquidity and financial resources

We maintained a healthy liquidity position, with working capital financed primarily through cash generated from our operating activities during FY2025, and our use of cash primarily relates to operating activities and purchase of property, plant and equipment. As at 31 December 2025, we had cash and cash equivalents of approximately HK\$51.2 million (31 December 2024: approximately HK\$31.2 million), which were cash at banks and in hand. Up to the date of consolidated financial statements, the Group did not have bank borrowings (31 December 2024: HK\$0.3 million). The Group have a credit facility from the Bank of East Asia of HK\$10.0 million as at 31 December 2025 (31 December 2024: HK\$10.0 million) which are secured by a deed of assignment of the insurance policy of the Chairman of the Company and a corporate guarantee of HK\$31.0 million plus interest and other charges provided by the Company. The Group's gearing ratio, which is calculated by total debt (defined as bank and other debts incurred not in the ordinary course of business) divided by total equity, was 20.9% as at 31 December 2025 (31 December 2024: 11.1%). The gearing ratio rose mainly because the increase in contract liabilities outweighed the growth in cash generated from operating activities and the increase in trade receivables.

### Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout FY2025. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### Capital structure

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

### Capital expenditure

Our capital expenditure for the FY2025 and FY2024 was approximately HK\$1.1 million and approximately HK\$0.6 million respectively.

### Dividend policy

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors it may deem relevant at such time. Any payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands, the Articles of Association of the Company (the "Articles") and the Shareholders.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific period.



# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 158 employees (31 December 2024: 170 employees). The remuneration of employees are remunerated based on their qualifications, position and performance, generally it includes salaries, allowances, commissions and discretionary bonus. Adequate training was provided to the staff based on their job requirement. Total staff costs (including key management personnel and directors' emoluments) were approximately HK\$92.3 million for FY2025, as compared to approximately HK\$94.1 million for FY2024. The decrease in the number of employees for FY2025 was mainly attributable to the decrease in the number of employees employed for the Group's administrative department for FY2025.

Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition and performance of the Group and individual staff (including Directors). The remuneration policy and remuneration packages of the executive Directors and members of the senior management of the Group are reviewed by the Remuneration Committee.

The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of the scheme are set out in the section headed "Share Option Scheme" below.

## SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules. The Share Option Scheme was adopted on 22 June 2018.

During FY2025 and FY2024, no options have been granted, exercised or cancelled, or agreed to be granted.

The maximum number of shares of the Company available for issuance upon exercise of all share options under the Share Option Scheme is 26,259,710, representing approximately 1.82% of the issued shares of the Company as at the date of this report. As at the date of this report, the available share options under the mandate limit of the Share Option Scheme is Nil.

As at 31 December 2025 and up to the date of this report, 51.8 million share options was lapsed and 3.9 million share options have been exercised.

Further details of the Share Option Scheme are set out in the "Report of the Directors" under section of Share Option Scheme on pages 37 to 40 in this annual report and in the Note 10 to the consolidated financial statements.

## FOREIGN EXCHANGE EXPOSURE

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$. During FY2025, the Group's exposure to foreign currency risk primarily arose from certain financial instruments including deposit for a life insurance policy, trade receivables, cash and cash equivalents trade payables and bank borrowings which are denominated in US\$ and RMB. During FY2025 and FY2024, the Group did not adopt any hedging strategy but the management continuously monitored the foreign exchange risk exposure on a case-by-case basis. The Group did not use any hedging contracts to engage in speculative activities during FY2025 and FY2024.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **DONATION**

During FY2025, the Group made donations for charitable purpose totaling approximately HK\$28,340 (2024: approximately HK\$67,200).

### **SIGNIFICANT INVESTMENTS**

During FY2025, the Group did not hold any significant investment in equity interest in any other company.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group did not have capital commitment for equipment as at 31 December 2025 (2024: HK\$Nil).

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

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

### **CHARGES ON GROUP ASSETS**

As at 31 December 2025, except for the banking facilities which are secured by a deed of assignment of the insurance policy of the Chairman of the Company and a corporate guarantee of HK\$31.0 million plus interest and other charges provided by the Company, there were no other charges on the Group's assets (2024: HK\$31.0 million).

### **EVENT AFTER THE REPORTING PERIOD**

The Group did not have significant event subsequent to 31 December 2025.

### **CORPORATE GOVERNANCE PRACTICES**

The Board recognises the importance of good corporate governance in management and internal control procedures so as to achieve accountability. Therefore, the Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is critical to effective management, successful business growth and a healthy corporate culture that will benefit the Company's stakeholders as a whole. The Directors will continue to review their corporate governance practices to enhance their corporate governance standard, comply with increasingly tightened regulatory requirements from time to time, and meet the growing expectations of the Shareholders and other stakeholders of the Company.

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules and, in the opinion of the Board, the Company has complied with the CG Code for FY2025, save for the deviation from such code disclosed below.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

The CG Code in Appendix C1 to the GEM Listing Rules provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yu Larry is the chairman and the chief executive officer of the Company. In view of Mr. Yu Larry is one of the co-founders of the Group and has been operating and managing the Group since 1998, the Board believes that it is in the best interest of the Group to have Mr. Yu Larry taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the CG Code provision C.2.1 is appropriate in such circumstance.

Under the CG Code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Articles of Association of the Company. However, as the risk management and internal control systems of our Group is effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group and the information technology industry, the Board believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Board is of the view that the benefits of the insurance may not outweigh the cost. Therefore, the Board considers that the Directors' exposure to risk is manageable. Save for the deviations as mentioned above, the Board is satisfied that the Company had complied with all the code provisions of the CG Code since the Listing Date up to the date of this report.

### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during FY2025.

### **ANNUAL GENERAL MEETING**

Notice of the annual general meeting of the Company will be published and dispatched to the Company's shareholders in the manner required by the GEM Listing Rules in due course.

### **AUDIT COMMITTEE**

The Audit Committee has reviewed with management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the annual consolidated financial statements for FY2025, and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made. There was no disagreement from the auditor of the Company or the Audit Committee in respect of the accounting policies adopted by the Company.



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Directors believe that good corporate governance provides a framework for effective management, successful business growth and a healthy corporate culture, which will benefit the Company's stakeholders. Therefore, the importance of good corporate governance in management and internal control procedures is critical in achieving transparency and accountability. The Company has long been committed to the pursuit a high standard of corporate governance and has adopted and complied with the code provisions of the CG Code as set out in Appendix C1 to the GEM Listing Rules and, the Board considers that the Company has complied with the CG Code for FY2025, except for the deviation as stated below.

### Code Provision C.1.8

Under the CG Code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Articles. However, as the risk management and internal control systems of our Group is effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group and the IT industry, the Board believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Board is of the view that the benefits of the insurance may not outweigh the cost. Therefore, the Board considers that the Directors' exposure to risk is manageable.

### Code Provision C.2.1

Under the CG Code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yu Larry is the Chairman and the Chief Executive Officer of the Company. In view of Mr. Yu Larry is one of the co-founders of the Group and has been operating and managing the Group since 1998, the Board believes that it is in the best interest of the Group to have Mr. Yu Larry taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the CG Code provision C.2.1 is appropriate in such circumstance.

The Directors will continue to review their corporate governance practices to enhance their corporate governance standards. The Company will from time to time comply with increasingly stringent regulatory requirements and meet the growing expectations of our investors and regulators.

## BOARD OF DIRECTORS

The Board is responsible for the overall management of the Group's business and the long-term success of the Company to ensure that it is managed in the best interests of the Company and delivery of sustainable value to the Shareholders.

The Board focuses on formulating the overall business strategy, reviewing and monitoring the business performance, internal controls and risk management of the Group, approving the consolidated financial statements and directing and supervising the management of the Company. Implementation of the strategies set by the Board is delegated to the management which is led by the Chief Executive Officer of the Group. The management is responsible for the daily management and operation of the Group. The Board is provided with a management update report to regularly assess the performance of the Group, and recent development and prospects of the Group.



## CORPORATE GOVERNANCE REPORT

Regarding the Company's corporate governance, the Board as a whole is responsible for performing the following corporate governance duties including:

- (i) to develop and review the Company's policies and practices on corporate governance and make recommendations;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employee and Directors; and
- (v) to review the Company's compliance with the CG Code and disclosure in its Corporate Governance report.

All Directors bring valuable business experience, knowledge and professionalism to the Board to perform board functions effectively and efficiently. Independent non-executive Directors are invited to serve on the company's Audit Committee, Remuneration Committee and Nomination Committee.

The Board delegates to the Audit Committee the responsibilities for the corporate governance functions including professional development of the Directors and the senior management, and reviewing the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. The delegated functions and work tasks are periodically reviewed by the Board.

### **Composition of the Board**

The composition of the Board as at the date of this annual report is set out as follows:

#### ***Executive Directors:***

Mr. Yu Larry (*Chairman*) (formerly known as Yu Pak Lun Larry)

Mr. Law Cheung Moon

Mr. Leung Patrick Cheong Yu

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

Ms. Lam Shun Ka (formerly known as Lam Yuk Shan)

Mr. Li Xiaoping

Mr. Tong Tsz Kwan

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 6 to 8 of this annual report.



## CORPORATE GOVERNANCE REPORT

According to Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his/her independence, and the Company considers such Directors to be independent in accordance with Rule 5.09 of the GEM Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company during FY2024.

To the best knowledge of the Board members, there are no other relationship (including financial, business, family, and other material/relevant relationships) among the members of the Board.

### **TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS**

Each of the executive Directors has entered into a service agreement with the Company for a term of three years and shall continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. The emolument of executive Directors was determined by the Remuneration Committee and approved by the Board by reference to the Company's operating results, his performance, seniority, experience, duties and responsibilities within the Group and comparable market statistics and shall be reviewed annually by the Remuneration Committee. Executive Directors may also receive a discretionary bonus in respect of each completed calendar year of service. The amount of such bonus will be determined by the Remuneration Committee and the Board.

The independent non-executive Directors are appointed for a specific term of three years, subject to renewal after the expiry of the current term. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding his/her office as an independent non-executive Director. The emolument of independent non-executive Directors was determined by the Remuneration Committee and approved by the Board by reference to the Company's operating results, his/her performance, seniority, experience, duties and responsibilities within the Group and comparable market statistics and shall be reviewed annually by the Remuneration Committee. The service contracts may be renewed in accordance with our Articles and the applicable GEM Listing Rules.

According to our Articles, one-third of the Directors for the time being (or, if their number is not three or a multiple of three (3), then the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall be subject to re-election at annual general meeting at least once every three years. Any Director appointed by the Board to fill casual vacancy shall hold office until the first annual general meeting of the Company after his appointment, and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

# CORPORATE GOVERNANCE REPORT

## PERMITTED INDEMNITY OF DIRECTORS

At no time during the year and up to the date of this report was any permitted indemnity provision being in force for the benefit of any of the Directors.

## DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

According to Code Provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. Every newly appointed Director has received comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

All Directors understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills. They have provided the Company with their respective training records pursuant to the CG Code. For the year ended 31 December 2025, the Directors participated in the following continuous professional development activities:

<b>Directors</b>	<b>Type of trainings</b> <i>(Notes)</i>
Mr. Yu Larry	a, b
Mr. Law Cheung Moon	a, b
Mr. Leung Patrick Cheong Yu	a, b
Ms. Lam Shun Ka	a, b
Mr. Li Xiaoping	a, b
Mr. Tong Tsz Kwan	a, b

*Notes:*

- a. attending conferences, seminars and in-house training
- b. reading newspapers, journals and updates relating to their duties, responsibilities and the Group's businesses

## BOARD COMMITTEE

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at <http://www.kinetix.com.hk>. All the Board committees should report to the Board on their decisions or recommendations made.

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

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

# CORPORATE GOVERNANCE REPORT

## Audit Committee

The Audit Committee comprises the Chairman, Mr. Tong Tsz Kwan, an independent non-executive Director, and other members include Ms. Lam Shun Ka (formerly known as Lam Yuk Shan), an independent non-executive Director and Mr. Li Xiaoping, an independent non-executive Director. None of the members of the Audit Committee is a former partner of the Company's existing external auditor. The written terms of reference of the Audit Committee as suggested under the CG Code are posted on the Stock Exchange's website and on the Company's website.

The main objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities to the Company and each of its subsidiaries to act in the interest of the Shareholders as a whole.

Its primary duties include: (a) to consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (c) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences; (d) to develop and implement policy on engaging an external auditor to supply non-audit services; (e) to make recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed; and (f) to monitor integrity of the Company's financial statements and the annual report and accounts and half-year report, and to review significant financial reporting judgements contained in them.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that the Audit Committee must comprise a minimum of three members and must be chaired by an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules.

In the three meetings held as set forth in the section headed "Number of Meetings and Directors' Attendance", the Audit Committee met the external auditor twice for the year ended 31 December 2024.

The Group's financial statements for the year ended 31 December 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2024 comply with the applicable accounting standards and the GEM Listing Rules.

The Audit Committee also performed the following:

- reviewed and obtained an explanation from management and the external auditor for financial reporting matters, including the causes of changes from the previous accounting period, the effects on the application of new accounting policies, compliance with the GEM Listing Rules and relevant legislation, and any audit issues, before recommending their adoption by the Board;
- reviewed the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and the Code of Conduct, and made recommendations to the Board;
- reviewed and monitored the training and continuous professional development of Board members;



## CORPORATE GOVERNANCE REPORT

- reviewed the Company's compliance with the CG Code and disclosure in annual report on corporate governance and sustainable development;
- considered and proposed to the Board the re-appointment of Linksfild CPA Limited as the Company's external auditor and approved its terms of engagement;
- reviewed the procedures and guidelines for employing the external auditor to perform non-audit assignments for the Company, and approved the scopes and fees for non-audit assignments;
- received and reviewed the internal audit reports from the independent internal control consultant;
- held meetings with the external auditor in the absence of management to discuss any material audit issues; and
- carried out reviews of the effectiveness of the Company's risk management and internal control systems including tax strategy, the structure of senior management, the adequacy of resources, staff qualifications and experience, training programs, and the Company's procedures for financial reporting and internal audit.

### Remuneration Committee

The chairman of the Remuneration Committee is Ms. Lam Shun Ka (formerly known as Lam Yuk Shan), an independent non-executive Director. Other members of Remuneration Committee include Mr. Yu Larry (formerly known as Yu Pak Lun Larry), Chief Executive Officer and executive Director, and Mr. Li Xiaoping, an independent non-executive Director. The written terms of reference of the Remuneration Committee as suggested under the CG Code are posted on the Stock Exchange's website and on the Company's website.

The main functions of the Remuneration Committee include: (a) to make recommendations to the Board on the Company's policy and structure for all of the Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; (d) to make recommendations to the Board on the remuneration of the non-executive Directors; (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (f) to review and approve compensation payable to the executive Directors and the senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and (g) to review and approve compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate; (h) to ensure that no Director or any of their associates is involved in deciding that Director's own remuneration; and (i) to review and/or approve matters relating to share schemes under Chapter 23 of the Rules.

Regarding Directors' remuneration and the five highest paid individuals as required to be disclosed pursuant to the GEM Listing Rules are set out in Note 9 to the consolidated financial statements.

# CORPORATE GOVERNANCE REPORT

During FY2025, the number of senior management members whose remuneration fell within the following band is as follows:

<b>Remuneration band</b>	<b>Number of individuals</b>
Emolument band	
HK\$1,000,001 to HK\$1,500,000	3
HK\$1,500,001 to HK\$2,000,000	–
HK\$2,000,001 to HK\$2,500,000	1
	<hr/>
	4

The major work performed by the Remuneration Committee included the following:

- made recommendations to the Board on the Company's remuneration policy and structure for all Board members and senior management;
- determined the remuneration packages for individual executive Board members and senior management, including benefits in kind, pension rights, and compensation payments; and
- made recommendations to the Board on the remuneration of the non-executive Directors and independent non-executive Directors.

## **Nomination Committee**

The chairman of the Nomination Committee is Ms. Lam Shun Ka (formerly known as Lam Yuk Shan), an independent non-executive Director and other members include Mr. Li Xiaoping, an independent non-executive Director, and Mr. Yu Larry, Chief Executive Officer and executive Director. The written terms of reference of the Nomination Committee as suggested under the CG Code are posted on the Stock Exchange's website and on the Company's website.

The main objectives of the Nomination Committee are to implement a formal, transparent and objective procedure for appointing the Board members and to provide clear disclosure of the Company's policies on the nomination and evaluation of the Board members in the Company's annual report. Its primary functions include: (a) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to identify individuals suitably qualified to become the Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) to assess the independence of the independent non-executive Directors; and (d) to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the chairman and the chief executive.

The major work performed by the Nomination Committee for FY2025 included the following:

- reviewed the Board Diversity Policy and its implementation;
- reviewed the structure, size and diversity of the Board;
- assessed the independence of the independent non-executive Directors; and
- made recommendations to the Board on the selection of individuals nominated for directorship with reference to qualifications and related expertise, and the re-election of retiring Board members at the annual general meeting.

# CORPORATE GOVERNANCE REPORT

## BOARD DIVERSITY POLICY

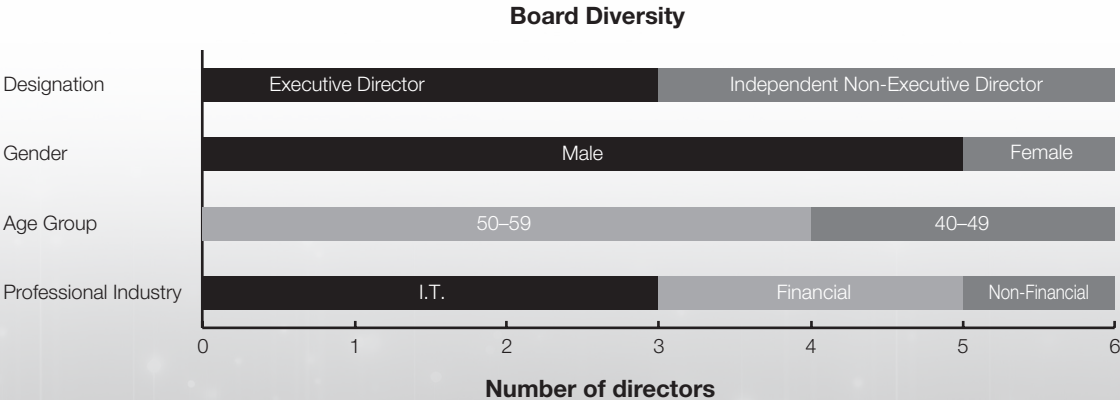
With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. If it involves the appointment of an independent non-executive Director of the Board, the Nomination Committee shall also consider the perspectives, skills and experience that the person can bring to the Board, and how the person would contribute to the diversity of the Board. The Company shall take into account its own business model and specific needs, and disclose the rationale for the factors it uses for this purpose. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During FY2024, the Nomination Committee has reviewed the Board’s structure, size and diversity as the criteria for Director’s appointment, and ensured that the Board’s composition complies with the GEM Listing Rules requirement. The Board has five male directors and one female director.

The Board is committed to enhancing diversity. In order to develop a pipeline appropriate female successors, the Board will provide comprehensive training to current female senior management with comprehensive training on areas such as business operations, management, and corporate governance. Additionally, gender diversity will be a key consideration in recruiting and promoting candidates for senior managerial roles and directorships, in line with existing nomination and board diversity policies.

## NOMINATION PROCEDURE

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company’s needs (including the needs for board diversity) and other relevant statutory requirements and regulations required for the positions. All candidates must be able to meet the standards as set forth in Rules 5.01 and 5.02 of the GEM Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria set out in Rule 5.09 of the GEM Listing Rules. Qualified candidates will then be recommended to the Board for approval.

As at the date of this report, the Board’s composition under major diversified perspectives was summarised as follows:



# CORPORATE GOVERNANCE REPORT

## NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

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

The individual attendance record of the Board meetings and Board committee meetings for the year ended 31 December 2025 is set out as follows.

	Number of Board Meetings attended/eligible to attend	Number of Audit Committee Meetings attended/eligible to attend	Number of Remuneration Committee Meetings attended/eligible to attend	Number of Nomination Committee Meetings attended/eligible to attend	Number of General Meetings attended/eligible to attend
<b>Executive Directors:</b>					
Mr. Yu Larry	4/4	N/A	1/1	1/1	1/1
Mr. Law Cheung Moon	4/4	N/A	N/A	N/A	1/1
Mr. Leung Patrick Cheong Yu	4/4	N/A	N/A	N/A	1/1
<b>Independent non-executive Directors:</b>					
Ms. Lam Shun Ka	4/4	3/3	1/1	1/1	1/1
Mr. Li Xiaoping	1/4	0/3	0/1	0/1	0/1
Mr. Tong Tsz Kwan	4/4	3/3	N/A	N/A	1/1

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the Standard of Dealings and the code of conduct regarding securities transactions for FY2025 and up to the date of this annual report.

## COMPANY SECRETARY

The Company has engaged Mr. Fung Kui Kei ("Mr. Fung") as the Company Secretary. Mr. Fung is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He holds a bachelor's degree in accounting from the Hong Kong Polytechnic University. Mr. Fung is currently the company secretary of Flydoo Technology Holding Limited (stock code: 8069).

During FY2025, Mr. Fung has taken no less than 15 hours of relevant professional training to update his skills and knowledge pursuant to Rule 5.15 of the GEM Listing Rules.

## INDEPENDENT AUDITOR'S REMUNERATION

The amount of fees charged by Linksfield CPA Limited, the external auditor, generally depends on the scope and volume of the external auditor's work performed.

For FY2025, the remuneration paid or payable to the external auditor of the Company in respect of audit services and non-audit services for the Group are as follows:

	<b>Fees paid/ payable for the services rendered</b> HK\$'000
Audit services	700
Non-audit services	–

## DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements which gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the consolidated financial statements of the Group. As at 31 December 2025, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external auditor about its reporting responsibilities on the consolidated financial statements is set out in the section headed "Independent Auditor's Report" on pages 67 to 73 of this annual report.



# CORPORATE GOVERNANCE REPORT

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

Throughout FY2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board is responsible for ensuring that the Group oversees the risk management and internal control structure and maintains a sound and effective internal control system to manage risks and safeguard the Group's shareholder investments and assets. For the year ended 31 December 2025, the Company appointed an independent internal control consultant to review the adequacy and effectiveness of its internal control system. The Group has fully implemented all internal control enhancements recommended by the consultant.

The Group has also established a set of risk management policies and measures, that have been incorporated into and adopted by their policies. Such policies and measures are designed to manage and minimize the risks faced by the Group. The system can only provide reasonable but not absolute assurance to prevent material misstatement or loss. The objective of the Group's risk management policies and measures is to manage the risks in its business operations. The Group has adopted risk management procedures to identify, evaluate and manage significant risks associated with its business, industry and market in the ordinary course of business.

The Board and senior management reviewed and prepared a report on the implemented system and procedures, covering financial, operational and compliance controls and risk management functions annually. The report is to enable the Board to assess and evaluate the effectiveness and efficiency of its operations and provide reasonable assurance. The Audit Committee and the Board have also reviewed the report and supervise the implementation of the Group's risk management policies and measures.

The Directors consider that the Group has implemented effective and adequate procedures to protect the Group's assets from unauthorised use or misappropriation, maintain appropriate accounting records and execute them with appropriate authorisation and compliance with relevant laws and regulations.

In relation to the handling and dissemination of inside information in accordance with the GEM Listing Rules and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the Group has adopted measures including raising awareness of confidentiality in the Group, issuing notices regarding "black-out" period and restrictions on dealings to Directors and employees on a regular basis to ensure compliance when handling and disclosing inside information.



# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHT AND INVESTOR RELATIONS

As one of the measures to safeguard Shareholders' interest and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions put forward at Shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be published on the Stock Exchange's website and the Company's website after the relevant meeting.

Extraordinary general meeting may be convened by the Board on the written requisition of Shareholders holding not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company or by such Shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 64 of the Second Amended and Restated Article of Association (the "Articles"). Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company's principal place of business in Hong Kong.

The Company has adopted shareholders' communication policy with the objective of providing the Shareholders with information about the Company and enabling them to engage actively with the Company and exercise their rights as Shareholders in an informed manner.

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

- (I) Information shall be communicated to Shareholders through the Company's financial reports (interim reports and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the (i) corporate communication documents including, but not limited to, copy of annual reports, interim reports, notices of meeting, circulars, proxy forms ("Corporate Communication"); (ii) other documents issued by the Company which are published on the website of the Stock Exchange for the information or action of holders of any of its securities, including announcements, monthly returns on movements in the Company's securities for each month and next day disclosure returns; (iii) constitutional documents of the Company and board committees; (iv) corporate information including list of Directors; and (v) other corporate publications including the procedures Shareholders can use to propose a person for election as a Director on the Company's website;
- (II) annual and special general meetings provide a forum for the Shareholders to comment and exchange views with the Directors and the senior management; and
- (III) the Hong Kong share registrar of the Company serves the Shareholders in respect of share registration, dividend payment and related matters.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.



# CORPORATE GOVERNANCE REPORT

The Company welcomes enquiries and proposals from investors, stakeholders and the public. Enquiries to the Board may be sent by post to the Company's principal place of business in Hong Kong.

Address: Suites 3103-3105,  
31/F., AIA Kowloon Tower,  
Landmark East,  
100 How Ming Street,  
Kwun Tong,  
Kowloon, Hong Kong

For the avoidance of doubt, Shareholders 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.

After the Board has reviewed the implementation and effectiveness of the Group's communication policy including steps taken at the annual general meeting and the handling of queries received (if any) which were conducted during the year ended 31 December 2025, the Group's communication policy was found to be effective and adequate.

## **ARTICLES OF ASSOCIATION**

During the year ended 31 December 2025, the Company has not made any amendments to its second amended and restated memorandum and articles of association of the Company.

The Company's Articles are available on the Company's website and the Stock Exchange's website.



## REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Company and its subsidiaries for FY2025.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company while its subsidiaries' principal businesses are provision of IT infrastructure solutions services, IT development solutions services and IT maintenance and support services. Details of the principal activities of the principal subsidiaries are set out in Note 15 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during FY2025.

### BUSINESS REVIEW

The business review of the Group for FY2025 is set out in the section headed "Management Discussion and Analysis" on page 9 of this report.

A discussion and analysis of the activities of the Company as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's businesses, and the compliance with relevant laws and regulations, the Group's environmental policies and performance which have a significant impact on the Company and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, can be found in the "Management Discussion and Analysis" on pages 9 to 20, "Corporate Governance Report" on pages 21 to 33 and the "Environmental, Social and Governance Report" on page 46 to 66 of this report. Such discussion forms part of this Report of the Directors.

### RESULTS AND DIVIDENDS

The results of the Group for FY2025 are set out in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income of this report. The Board does not recommend the payment of a final dividend in respect of the year.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, is set out in the financial summary section on page 144 of this report. This summary does not form part of the audited consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment of the Group during FY2024 are set out in Note 16 to the consolidated financial statements. There were no investment properties of the Group during FY2024.

### SHARE CAPITAL

Details of movements in the share capital of the Company during FY2025 are set out in Note 25 to the consolidated financial statements.



## REPORT OF THE DIRECTORS

### PRE-EMPTIVE RIGHTS

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

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

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

### RESERVES

Details of movements in the reserves of the Group during FY2025 are set out in the Consolidated Statement of Changes in Equity.

As at 31 December 2025, the Company's reserves available for distribution to the Shareholders were approximately HK\$60.6 million. Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its Articles and provided that immediately following the distribution or dividend payment, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the articles of association of the Company, dividends shall be distributed out of the retained earnings, including the share premium, of the Company.

### MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 25.4% of the total sales for the year and sales to the largest customer included therein amounted to approximately 6.7%. Purchases from the Group's five largest suppliers accounted for approximately 68.0% of the total purchases for the year and purchase from the largest supplier included therein amounted to approximately 42.0%. None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

### BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group as at 31 December 2025 are set out in the Note 27 to the consolidated financial statements.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2025.

### RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during FY2025 are set out in Note 29 to the consolidated financial statements and none of them constituted a connected transaction as defined under the GEM Listing Rules.



# REPORT OF THE DIRECTORS

## DIRECTORS

The Directors during the year and up to the date of this report were:

### Executive Directors:

Mr. Yu Larry (*Chairman*) (formerly known as Yu Pak Lun Larry)

Mr. Leung Patrick Cheong Yu (*Compliance Officer*)

Mr. Law Cheung Moon

### Independent non-executive Directors:

Ms. Lam Shun Ka (formerly known as Lam Yuk Shan)

Mr. Li Xiaoping

Mr. Tong Tsz Kwan

Pursuant to Article 112 of the Company's Second Amended and Restated Articles of Association (the "Articles"), the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

Pursuant to Article 108 of the Articles, Ms. Lam Shun Ka, Mr. Li Xiaoping and Mr. Tong Tsz Kwan shall retire by rotation at the forthcoming annual general meeting ("AGM") of the Company, and being eligible, offer themselves for re-election.

## CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from independent non-executive Directors and as at the date of this report, they are considered to be independent in accordance with Rule 5.09 of the GEM Listing Rules.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 6 to 8 of this annual report.

## CHANGE TO THE INFORMATION RELATING TO THE DIRECTOR DURING HIS TENURE

There is no other significant change to the information of the Directors during their tenure required to be disclosed under rule 17.50A(1) of the GEM Listing Rules.



# REPORT OF THE DIRECTORS

## **DIRECTORS' SERVICE CONTRACTS**

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## **REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the Remuneration Committee. The Company also has adopted the Share Option Schemes as a long-term incentive scheme of the Group.

Details of the remuneration of the Directors and the five highest paid individuals as required to be disclosed pursuant to Chapter 18 of the GEM Listing Rules are set out in Note 9 to the consolidated financial statements.

No directors has waived or agreed to waive any emoluments during FY2024 (2023: Nil).

## **DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS**

None of the Directors of the Company or an entity connected with such Director is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance subsisting during or at the end of FY2025 in which the Company, or any of its subsidiaries or fellow subsidiaries was a party.

## **CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS**

Save as disclosed in the related party transactions disclosed in Note 29 to the consolidated financial statements of this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries, during the year ended 31 December 2025.

## **SHARE OPTION SCHEME**

The share option scheme of the Company (the "Share Option Scheme") has been conditionally adopted pursuant to resolutions in writing passed by our shareholders passed on 22 June 2018 for the purpose of recognising and acknowledging the contributions of eligible participants have had or may have with us. The Share Option Scheme provides the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivating the eligible participants to optimise their performance efficiency for our benefit; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the eligible participants whose contributions are or will be beneficial to our long-term growth.



## REPORT OF THE DIRECTORS

Details of the principal terms of the Share Option Scheme are set out in paragraph headed “Share Option Scheme” in section headed “Statutory and General Information” in Appendix IV to the prospectus of the Company dated 30 June 2018. The principal terms of the Share Option Scheme are summarised as follows:

Subject to the terms of the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any person belonging to any of the following classes of participants (the “Eligible Participants”), to take up options to subscribe for such number of new Shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of our Group;
- (ii) any Directors (including independent non-executive Directors) of our Group;
- (iii) any advisers, consultants, suppliers, customers and agents to our Group; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to us, the assessment criteria of which are contribution to our development and performance, quality of work performed for us, initiative and commitment in performing his/her duties, and length of service or contribution to us.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the date the Company was listed unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating 10% limit.

The Share Option Scheme was adopted for a period of 10 years commencing on 22 June 2018 and remains in force until 21 June 2028. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The exercise price per share of the Company for each option granted shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

- (1) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer for the grant of option (“Date of Grant”) which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (2) the average closing prices of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and
- (3) the nominal value of a Share.

## REPORT OF THE DIRECTORS

Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option and payment of consideration must be made within the date as specified in the offer letter issued by the Company. The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years commencing on the Date of Grant and expiring on the last day of such 10-year period subject to the provisions for early termination as contained in the Share Option Scheme.

The total number of new shares of the Company that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company shall not exceed 80,000,000 shares.

The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by its Shareholders in accordance with the GEM Listing Rules.

Details of the movement in the share options granted under the Scheme during the year ended 31 December 2025 are as follows:

Name or category of participants	Date of grant and vesting date of options	Exercise period of share of share options granted	Exercise price of share options (HK\$ per share)	Number of share options					Outstanding as at 31 December 2025
				At 1 January 2025	Granted during the FY2025	Exercised during FY2025	Lapsed during the FY2025	Cancelled during FY2025	
<b>Executive Directors</b>									
Mr. Yu Larry	16 August 2021	16 August 2021 – 15 August 2031	0.152	987,826	-	-	-	-	987,826
Mr. Law Cheung Moon	20 August 2021	20 August 2021 – 19 August 2031	0.154	735,725	-	-	-	-	735,725
Mr. Leung Patrick Cheong Yu	20 August 2021	20 August 2021 – 19 August 2031	0.154	735,725	-	-	-	-	735,725
<b>Chief Executive</b>									
Mr. Lam Tai Wai David	16 August 2021	16 August 2021 – 15 August 2031	0.152	9,878,261	-	-	-	-	9,878,261
Other Employees	16 August 2021	16 August 2021 – 15 August 2031	0.152	24,633,913	-	-	(14,755,652)	-	9,878,261
Other Employees	20 August 2021	20 August 2021 – 19 August 2031	0.154	31,456,086	-	-	(27,412,174)	-	4,043,912
				68,427,536	-	-	(42,167,826)	-	26,259,710

Note: Consideration of HK\$1 was paid by each of the grantees on their acceptance of the share options granted.

# REPORT OF THE DIRECTORS

During FY2025 and FY2024, no options have been granted, exercised or cancelled, or agreed to be granted.

As at 1 January 2025 and 31 December 2025, the total number of options and awards available for grant under the share option scheme of the Company was Nil for both dates. There was no service provider sublimit under the share option scheme.

The maximum number of shares of the Company available for issuance upon exercise of all share options under the Share Option Scheme is 68,427,536, representing approximately 4.73% of the issued shares of the Company as at the date of this report. As at the date of this report, the available share options under the mandate limit of the Share Option Scheme is Nil.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

The Shares were listed on the Stock Exchange on 16 July 2018. As at the date of this report, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which will be required to notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

### The Company

Name of Director/Chief Executive	Nature of interest	Number and class of securities <sup>(1)</sup>	Approximate percentage of interest
Mr. Yu Larry	Interest in controlled corporations <sup>(2)</sup>	459,810,000 Ordinary Shares (L)	31.80%
	Beneficial owner	987,826 Ordinary Shares (L) <sup>(3)</sup>	0.07%
Mr. Law Cheung Moon	Beneficial owner	735,725 Ordinary Shares (L) <sup>(3)</sup>	0.05%
Mr. Leung Patrick Cheong Yu	Beneficial owner	735,725 Ordinary Shares (L) <sup>(3)</sup>	0.05%
Mr. Lam Tai Wai David	Beneficial owner	9,878,261 Ordinary Shares (L) <sup>(3)</sup>	0.68%

Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the Shares.
- (2) The Company is held as to approximately 31.80% by Vigorous King Limited, which in turn is held as to 100% by Mr. Yu Larry.
- (3) These shares are derived from the interests in share options granted by the Company pursuant to the Share Option Scheme adopted by the Company on 22 June 2018.

# REPORT OF THE DIRECTORS

## Associated Corporation – Vigorous King Limited

Name of Director	Nature of interest	Number and class of securities in associated corporation	Percentage of interest
Mr. Yu Larry	Beneficial owner	1 Ordinary share	100%

Save as disclosed above, as at the date of this report, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the date of this report, so far as the Directors are aware, the following persons/entities (other than the Directors and the chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

### The Company

Name of Shareholders	Capacity/Nature of interest	Number and class of securities <sup>(1)</sup>	Approximate percentage of interest
Vigorous King Limited <sup>(2)</sup>	Beneficial owner	459,810,000 Ordinary Shares (L)	31.80%
Ms. Tong Po Ki Vicky <sup>(3)</sup>	Interest of spouse	460,797,826 Ordinary Shares (L)	31.87%
Ms. Yiu Wai Ki	Beneficial owner	73,400,000 Ordinary Shares (L)	5.08%
Mr. Leung Wan Hung <sup>(4)</sup>	Interest of spouse	73,400,000 Ordinary Shares (L)	5.08%
Mr. Lam Sze Chun Jackson	Beneficial owner	134,350,000 Ordinary Shares (L)	9.29%
Goldlink Hong Kong Investment Limited <sup>(5)</sup>	Beneficial owner	50,000,000 Ordinary Shares (L)	3.46%
Rich Trend Hong Kong Investment Limited <sup>(6)</sup>	Beneficial owner	50,000,000 Ordinary Shares (L)	3.46%



# REPORT OF THE DIRECTORS

## Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the ordinary shares.
- (2) Vigorous King Limited is held as to 100% by Mr. Yu Larry. Therefore, Mr. Yu is deemed to be interested in the ordinary shares which Vigorous King Limited is interested in by virtue of the SFO.
- (3) Ms. Tong Po Ki Vicky is the spouse of Mr. Yu Larry. Therefore, Ms. Tong is deemed to be interested in the ordinary shares which Mr. Yu Larry is interested in by virtue of the SFO.
- (4) Mr. Leung Wan Hung is the spouse of Ms. Yiu Wai Ki. Therefore, Mr. Leung is deemed to be interested in the ordinary shares which Ms. Yiu Wai Ki is interested in by virtue of the SFO.
- (5) Goldlink Hong Kong Investment Limited is held as to 100% by Mr. Lam Sze Chun Jackson. Therefore, Mr. Lam is deemed to be interested in the ordinary shares which Goldlink Hong Kong Investment Limited is interested in by virtue of the SFO.
- (6) Rich Trend Hong Kong Investment Limited is held as to 100% by Mr. Lam Sze Chun Jackson. Therefore, Mr. Lam is deemed to be interested in the ordinary shares which Rich Trend Hong Kong Investment Limited is interested in by virtue of the SFO.

Save as disclosed above, as at the date of this report, the Directors were not aware of any persons who/entities which had an interest or short position in the ordinary shares or underlying ordinary shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme and as disclosed under the section “Interests of Directors and Chief Executive” above and the share option scheme disclosures in note 10 to the consolidated financial statements, at no time during the year and up to the date of this report, neither the Company or any of its subsidiaries, or any of its fellow subsidiaries, was a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

## INTEREST IN COMPETING BUSINESSES

The controlling shareholders (as defined under GEM Listing Rules) of the Company have entered into the deed of non-competition dated 22 June 2018 (the “Deed of Non-competition”) in favour of the Company, details of which were set out in the prospectus of the Company dated 30 June 2018. Pursuant to the Deed of Non-competition, the controlling shareholders have undertaken to the Company (for itself and as trustee for each of our subsidiaries from time to time) that with effect from the Listing Date, they would not and would procure that none of their close associates (except for any members of the Group) shall, except through their interests in our Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the business of the Group in Hong Kong or such other places as the Group may conduct or carry on business from time to time.



## REPORT OF THE DIRECTORS

During the year and up to the date of this report, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

The controlling shareholders of the Company have confirmed to the Company that for FY2025 and up to the date of this report, they and their respective close associates (as defined under GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

Save as disclosed above, during the year, none of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### **ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY**

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment.

The Group understands that a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

The details of environmental, social and governance policies and performance of the Group will be disclosed in the "Environmental, Social and Governance Report", which are set out on pages 46 to 66 of this report.

### **COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS**

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

### **RELATIONSHIP WITH STAKEHOLDERS**

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group. The Group maintains strong relationships with its employees and offers them with safe working environments. The Group has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.



## REPORT OF THE DIRECTORS

### PERMITTED INDEMNITY OF DIRECTORS

At no time during the year and up to the date of this report was any permitted indemnity provision being in force for the benefit of any of the directors of the Company.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules during FY2024 and up to the date of this report.

### AUDITOR

Linksfeld CPA Limited has been appointed as the auditor of the Company for the financial year ended 31 December 2025, who retires and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM of the re-appointment of Linksfeld CPA Limited as the auditor of the Company. There is no change in auditor of the Company in any of the preceding 4 years.

By the order of the Board  
**Kinetix Systems Holdings Limited**  
**Yu Larry**  
*Chairman*

Hong Kong, 30 March 2026



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTRODUCTION

The Group recognizes that long-term commercial success is deeply intertwined with its commitment to sustainability. Beyond delivering excellence in its core service offerings, the Group strives to cultivate a corporate identity rooted in environmental responsibility. Guided by the Board of Directors, our Environmental, Social, and Governance (“ESG”) strategy focuses on mitigating key risks through proactive initiatives and robust internal oversight. This report details our progress across various ESG pillars and has been prepared in adherence to the Environmental, Social, and Governance Code (“ESG Code”) found in Appendix C2 of the GEM Listing Rules.

We remain convinced that integrating stakeholder feedback is vital for achieving durable business growth. To align our sustainability goals with market expectations, the Group maintains active communication through multiple channels—including employee briefings, client feedback loops, annual shareholder meetings, and thorough vendor assessments. By fostering these ongoing dialogues, we are able to adapt our strategic direction to better meet the diverse needs of our stakeholders while expanding our market footprint.

Each year, the Group performs a materiality assessment to identify and rank the ESG issues that carry the most significant impact from a stakeholder perspective. For FY2025, the areas of all employment-related issues, supply chain management and anti-corruption emerged as top priorities. To ensure transparency, the Group utilizes measurable Key Performance Indicators (KPIs) to track progress, allowing for a balanced and consistent year-on-year comparison of our ESG journey. Any adjustments to data collection or calculation methods during this period are clearly documented within this report.

## Report Preparation

This ESG Report provides a transparent and objective account of how the Group upheld its corporate social responsibilities throughout 2025. It focuses on the disclosure of key information across the three core pillars of environment, society, and governance (ESG). By presenting both positive performance trends and areas for improvement, the report ensures a factual and balanced representation of our operations.

**Materiality:** The Group identifies and addresses the primary sustainability issues impacting our business through comprehensive stakeholder surveys and data-driven analysis. To gain a deeper insight into the expectations and concerns of our stakeholders, we actively involve our management and staff in the process of determining material ESG factors. Once identified, we implement robust measures to ensure these significant issues are effectively managed across all business activities.

**Quantitative Principle:** The Group’s Key Performance Indicators (“KPIs”) and relevant comparative data are clearly disclosed within this report. The methodologies for calculating these KPIs are aligned with the “Reporting Guidance on Environmental KPIs” and “Reporting Guidance on Social KPIs” under the ESG Code framework published by the HKEX. Any necessary explanations regarding the standards, calculation methods, or underlying assumptions used are provided in the relevant sections of this ESG report.

**Balance Principle:** This report is designed to provide an impartial view of the Group’s overall performance. We ensure that the selection of data, the omission of irrelevant information, or the chosen presentation formats do not inappropriately sway the judgment or decisions of the reader, maintaining a commitment to transparency and fairness.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Consistency Principle:** The Group strives to maintain a high degree of uniformity in the indicators reported across different periods. This approach ensures that our year-on-year performance remains comparable and transparent. Should there be any modifications to the indicators or data boundaries in FY2025, the Group will provide a detailed explanation of such changes to ensure a clear and accurate representation of our evolving sustainability performance.

## Statement of the Board of Directors

The Group and its Board of Directors place significant emphasis on the advancement of ESG-related responsibilities. We have implemented a formal ESG governance framework, ensuring that sustainability principles are woven into the fabric of our daily operations. The Board maintains primary responsibility for the oversight, evaluation, and strategic decision-making regarding major ESG matters; meanwhile, the management team coordinates the execution of ESG initiatives, compiles the annual report, and provides regular updates to the Board.

To pinpoint critical ESG concerns and formulate management policies, the Group performs a comprehensive research and analysis of substantive issues every year. By identifying the key priorities of both internal and external stakeholders, the Board and senior management evaluate the impact of these topics on the Group's social responsibility. This process allows us to determine core strategies, including the methodologies used to assess, prioritize, and oversee material ESG issues disclosed in our annual reporting. Throughout 2025, the Board and the Group remained focused on ESG compliance, monitoring the progress of key sustainability workflows through periodic meetings to review our performance against established ESG goals and targets.

Regarding the establishment of ESG targets, the Group has continued to refine its operational efficiency while aligning with broader national strategies. We integrate green development concepts into our corporate activities, supporting the transition toward a low-carbon economy and contributing to "dual carbon" objectives. This commitment provides a stable foundation for the Group's long-term environmental goals.

## Reporting Period

This ESG Report outlines the sustainability activities, challenges encountered, and mitigation measures implemented by the Group during the financial year ended 31 December 2025 (the "FY2025").

## Reporting Scope

The scope of this ESG report encompasses the general performance across the Environmental and Social pillars for our offices in Hong Kong and Macau for the year ended 31 December 2025. These locations represent the Group's primary revenue streams and operational hubs. The office in Shanghai is not included in this report due to its closure during FY2025. For detailed information regarding our corporate governance practices, please consult the "Corporate Governance Report" found in this annual report. The non-financial data presented herein is aggregated annually from internal departments and is derived from our internal reporting systems.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Stakeholder Engagement

The Group recognizes that its business operations are deeply connected to the interests of its stakeholders and highly values their perspectives on ESG matters. To ensure their primary concerns are effectively understood and addressed, we maintain proactive and consistent communication with a broad range of key stakeholder groups. These include, but are not limited to, our investors and shareholders, government and regulatory bodies, clients, vendors and contractors, our workforce, as well as non-governmental organizations (“NGOs”) and the broader community. By fostering these relationships, the Group ensures that its sustainability initiatives remain aligned with the expectations of the various parties impacted by its activities.

The Group make an assessment on stakeholders’ expectations regularly through the diversification of the engagement methods and communication channels as shown below:

Stakeholders	Engagement Methods	Expectations
Investors and shareholders	<ul style="list-style-type: none"> <li>• General meetings and other shareholders’ meeting</li> <li>• Announcements and circulars</li> <li>• Financial report</li> <li>• Company website</li> </ul>	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Corporate governance</li> <li>• Business compliance</li> </ul>
Government and regulatory authorities	<ul style="list-style-type: none"> <li>• Written or electronic correspondences</li> <li>• Compliance inspections</li> <li>• Conferences and seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with relevant laws and regulations</li> <li>• Stable business operations</li> <li>• Business ethics</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Frequent communication by direct and virtual meetings</li> <li>• Customer feedback by email and telephone</li> <li>• Company website</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of customer information</li> <li>• Customer satisfaction</li> <li>• Premium services</li> </ul>
Suppliers and contractors	<ul style="list-style-type: none"> <li>• Frequent communication by direct and virtual meetings</li> <li>• Business correspondences</li> </ul>	<ul style="list-style-type: none"> <li>• Open and fair procurement</li> <li>• Stable business relationship</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Training activities, and briefings sessions</li> <li>• Annual performance appraisal</li> <li>• Two-way dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety working environment</li> <li>• Career development</li> <li>• Remuneration and benefits</li> </ul>
NGOs and the community	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Charity and community activities</li> <li>• ESG reports</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental issues awareness</li> <li>• Communities involvement</li> <li>• Giving back to society</li> </ul>

The Group endeavours to collaborate with its stakeholders in improving its ESG performance and create greater value for the community sustainably.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Materiality Assessment

To consider the feedback from various stakeholders on relevant ESG issues, the Group has assessed its importance to its businesses and stakeholders by summarising in below table:

ESG Issues		Materiality
<b>Environmental</b>		
Emissions	Air Emissions	High
	Greenhouse Gases Emissions	High
	Waste Management	High
	Use of Resources	High
	Energy Consumption	High
Use of Resources	Water Consumption	Medium
	Use of Packaging Material	High
	The Environment & Natural Resources	Impact on Environment and Natural Resources
<b>Climate Change</b>		
Governance	Climate Governance	Medium
Strategy	Climate Resilience	
Risk Management	Climate Risk Management	
<b>Social</b>		
Employment	Recruitment, Promotion and Dismissal	High
	Remuneration and Benefits	High
	Diversity and Equal Opportunity	High
Health and Safety	Working environment	High
	Employees' health	High
Development and Training	Staff Development and Training	High
Labour Standards	Prevention of child and forced labour	High
Supply Chain Management	Fair and Open Procurement	High
	Relationship with major suppliers	High
	Product Responsibility	Product health and safety
Product Responsibility	Advertising and labelling	Medium
	Protection of intellectual property rights	High
	Data privacy protection	High
Anti-corruption	Whistleblowing policy and Anticorruption seminars	High
Community Investment	Community involvement and resources Contribution	Medium

During FY2025, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Code.

## CONTACT US

We value your feedback and suggestion to help us improve our ESG performance. You are welcome to contact us by:

Email: [info@kinetix.com.hk](mailto:info@kinetix.com.hk)

Post: 6/F, Upper Living, 165 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SECTION A. ENVIRONMENTAL

### A1: Emissions

The Group's primary business activities involve the delivery of IT solution services alongside IT maintenance and support. Given the nature of these operations, the Group does not engage in activities that result in the direct release of significant atmospheric pollutants, the discharge of contaminants into water or soil, or the production of substantial hazardous and non-hazardous waste. Consequently, the Group is not significantly impacted by specific environmental laws and regulations concerning such direct emissions or waste generation.

Conversely, the Group's operational footprint primarily consists of indirect greenhouse gas emissions. These are largely attributed to the consumption of purchased electricity and the use of paper in our offices. Carbon dioxide represents the primary greenhouse gas generated through our energy use. As the Group does not utilize other intensive energy sources or natural resources in its daily functions, its direct environmental impact remains limited. We continue to monitor these indirect emissions to ensure our resource consumption is managed responsibly.

### Air Emissions

The Group's core operations remain centred on providing IT solution services, alongside maintenance and support. Following the transition to electric vehicles in FY2023, the Group has successfully eliminated direct air pollutant records from its fleet. During the year, the Group has no air emissions.

Air pollutants	Unit	2025	2024
Nitrogen Oxides (NO <sub>x</sub> )	g	0.0	0.0
Sulphur Oxides (SO <sub>x</sub> )	g	0.0	0.0
Particulate Matter (PM)	g	0.0	0.0

### Greenhouse Gases Emissions

The consumption of electricity at the office (Scope 2) is the major source of greenhouse gases emissions of the Group.

### Source of GHG Emissions

Scope 1	Scope 2	Scope 3
Direct GHG Emissions	Indirect GHG Emissions	Other Indirect GHG Emissions
As the Group has shifted from using traditional vehicles consuming petrol to electrical vehicles, there has no scope 1 emissions during FY 2025.	Electricity consumption accounted for the largest percentage of greenhouse gases emissions within the Group.	The main sources of the disclosed scope 3 GHG emissions are landfilled paper disposal and business travelling by air.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group identifies Paper Waste Disposal and Business Air Travel as its primary Scope 3 emission sources due to their materiality and high data availability within its office-based IT and retail value chain. Paper represents the most consistent physical waste stream from administrative activities, while business travel is a direct, measurable byproduct of regional expansion. By focusing on these categories where reliable data can be tracked, the Group ensures a transparent and accountable disclosure of its indirect environmental impact, allowing for targeted mitigation efforts—such as digital transformation and virtual collaboration—where the Group exerts the greatest discretionary control.

- *Paper Disposal*

The Group actively promotes a “digital-first” approach, prioritizing electronic communications and the maintenance of digital records over traditional printing. To maximize the lifecycle of our resources, single-sided paper is systematically reused for internal drafts or as scrap paper. Furthermore, the Group has placed visible reminders throughout our office spaces to encourage employees to be mindful of their paper consumption and to print only when necessary. These small but consistent behavioural changes are central to our broader strategy of resource conservation.

- *Business Air Travel*

As the Group continues to expand its footprint beyond Hong Kong, certain business air travel remains a operational necessity. To mitigate the associated environmental impact, the Group enforces a policy where travel is only authorized when essential, with a standard requirement for employees to travel in economy class to minimize individual carbon footprints. We continue to actively promote the use of high-definition video conferencing and virtual meeting platforms as the primary alternative to physical travel. By prioritizing digital collaboration, the Group aims to further decouple its business growth from increased air travel emissions.

For the year ended 31 December 2025, the Group’s quantitative information on greenhouse gases emissions and its intensity is as follows:

Indicator	Unit	2025	2024
<b>Scope 1 – Direct GHG Emissions</b>			
Petrol consumption	tCO <sub>2</sub> e	0.0	0.0
<b>Scope 2 – Indirect GHG Emissions</b>			
Purchased electricity consumption	tCO <sub>2</sub> e	33.0	44.7
<b>Scope 3 – Other Indirect GHG Emissions</b>			
Paper disposal	tCO <sub>2</sub> e	0.04	0.4
Business Air Travel	tCO <sub>2</sub> e	0.0	5.5
<b>Total Emissions of GHG</b>	tCO <sub>2</sub> e	<b>33.0</b>	50.6
<b>Intensity (per square metre of floor area)<sup>1</sup></b>	tCO <sub>2</sub> e/m <sup>2</sup>	<b>0.020</b>	0.081

The intensity has increased significantly mainly due to the moving of office, which the floor area increased.

<sup>1</sup> Intensity is calculated by dividing the total emissions of GHG with the total office areas.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Waste Management

- Hazardous Waste Management*

Given the Group's office-based business model, no significant volume of hazardous waste was produced during its daily operations in FY2025. Despite this minimal impact, the Group remains committed to active monitoring and coordinates with specialized contractors for the proper handling and disposal of any such waste. This ensures full compliance with all applicable environmental laws and safety regulations.

- Non-hazardous Waste Management*

The Group remains dedicated to the 5R's principle—Refuse, Reduce, Reuse, Repurpose, and Recycle—and is committed to the responsible management and disposal of all non-hazardous waste arising from its activities. Our primary source of non-hazardous waste continues to be office paper consumption. Throughout FY2025, the Group has persisted in educating its workforce on the significance of minimizing waste production through proactive measures. We aim to reach our reduction targets by managing waste at the source and maintaining a consistent oversight of our consumption volumes.

For the year ended 31 December 2025, the Group's quantitative information on the performance of non-hazardous waste disposal performance and its intensity is as follows:

Waste	Unit	2025	2024
Harzardous waste	Tonnes	<b>0.000</b>	0.000
Non-hazardous waste <sup>2</sup>	Tonnes	<b>0.130</b>	0.090
<b>Total amount of waste generated</b>	Tonnes	<b>0.130</b>	0.090
<b>Intensity (per square metre of floor area)<sup>3</sup></b>	Tonnes/m <sup>2</sup>	<b>0.0001</b>	0.0001

## A2: Use of Resources

The Group has implemented various initiatives aimed at minimizing the environmental footprint of its business activities. By fostering a culture of resource conservation and promoting the efficient use of materials among our staff, we aim to optimize our operational sustainability.

Regarding the utilization of office facilities, the Group encourages employees to manage meeting room bookings through a formal scheduling system. Staff are prompted to make appointments in advance and are required to promptly release any unused reservations, ensuring that communal resources are available for others and that energy use in these spaces is managed effectively.

<sup>2</sup> It is assumed that the amount of paper consumed is the total amount of non-hazardous wastes produced.

<sup>3</sup> Intensity is calculated by dividing the total emissions of GHG with the total office areas.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Energy Consumption

Energy Consumption As a socially and environmentally responsible organization, the Group is dedicated to minimizing its greenhouse gas footprint and energy usage wherever feasible. Our energy consumption is primarily derived from electricity used in our facilities and fuel consumption for our vehicle fleet. To prevent unnecessary energy waste, we have established protocols to lower our power and petrol requirements. Moving forward, the Group remains committed to the following energy-saving practices:

1. **Equipment Management:** Employees are instructed to activate power-saving modes on computers, printers, and monitors during periods of inactivity;
2. **End-of-Day Protocols:** Staff are required to ensure that all air conditioning units and computer systems are fully powered down at the conclusion of each workday; and
3. **Virtual Collaboration:** We actively promote the use of teleconferencing and video conferencing tools as alternatives to physical travel, thereby reducing the reliance on corporate vehicles and air transport.

The implementation of these initiatives has led to a sustained improvement in staff awareness regarding energy conservation. Following the significant reduction in total energy consumption in 2024—which was primarily achieved by the Group’s complete transition to an all-electric vehicle fleet—the Group has maintained these efficiency gains throughout FY2025. For the year ended 31 December 2025, the Group’s total electricity consumption and corresponding intensity are detailed below:

Energy Consumption	Unit	2025	2024
Direct Energy	kWh	0	0
Indirect Energy	kWh	71,613	62,977
Electricity	kWh	71,613	62,977
<b>Total energy consumption</b>	<b>kWh</b>	<b>71,613</b>	62,977
<b>Intensity (per square metre of floor area)<sup>4</sup></b>	<b>kWh/m<sup>2</sup></b>	<b>43.9</b>	114

The intensity has increased significantly mainly due to the moving of office, which the floor area increased.

## Water Consumption

To promote conservation, the Group has maintained its internal communication initiatives, including notices reminding all employees to use water responsibly and ensure taps are fully closed after use. We also conduct regular inspections of our facilities to identify and repair any potential leaks promptly. Furthermore, staff are encouraged to be mindful of their drinking water consumption to minimize waste.

<sup>4</sup> Intensity is calculated by dividing the total emissions of GHG with the total office areas.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's water consumption performance and intensity for the year ended 31 December 2025 are summarized below:

<b>Water Consumption</b>	<b>Unit</b>	<b>2025</b>	2024
<b>Total water consumption</b>	m <sup>3</sup>	<b>149.8</b>	n/a
<b>Intensity (per square metre of floor area)<sup>5</sup></b>	m <sup>3</sup> /m <sup>2</sup>	<b>0.092</b>	n/a

### ***Use of Packaging Material***

Due to the service-oriented nature of our business, the Group does not utilize packaging materials for its direct deliverables in our daily operations. Nevertheless, we remain committed to promoting environmental responsibility throughout our supply chain. We actively encourage our vendors and partners to minimize the use of excessive packaging or to prioritize the use of recyclable and reusable materials when transporting hardware and software products to our clients.

### **A3: The Environment and Natural Resources**

While the Group's core activities exert a minimal footprint on the environment and natural resources, we remain steadfast in our commitment to corporate social responsibility. We recognize the importance of mitigating any negative environmental impacts stemming from our operations to foster sustainable growth and deliver long-term value to our stakeholders and the community. To ensure ongoing compliance with all environmental laws and regulations, the Group performs periodic assessments of its business-related environmental risks and maintains preventive strategies to minimize potential issues.

### ***Environmental Education***

The Group consistently works to elevate environmental awareness among its workforce. We utilize internal communication channels, such as email, to distribute notices regarding "water conservation," "energy efficiency," and "paper recycling." We view these ongoing reminders as essential steps toward cultivating an eco-friendly workplace. Furthermore, the Group extends its environmental consciousness to its procurement process by prioritizing the selection of suppliers who demonstrate a commitment to sustainability and the efficient use of natural resources.

### ***Indoor Air Quality***

Providing a healthy and green working environment for our employees is a priority for the Group. In addition to placing indoor plants throughout our offices to naturally improve air quality, we coordinate with building management to ensure that air-conditioning and ventilation systems are professionally cleaned and serviced twice a year. These measures are taken to ensure that indoor air quality consistently meets acceptable health and safety standards.

<sup>5</sup> Intensity is calculated by dividing the total emissions of GHG with the total office areas.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SECTION B. SOCIAL

### B1: Employment

The Group has established comprehensive employment policies covering recruitment, remuneration, career advancement, termination, leave benefits, and general employee welfare. These provisions and benefits are formally detailed and communicated to our workforce through the employee handbook. We are dedicated to maintaining a diverse professional environment rooted in the principle of equal opportunity. Every member of our staff is evaluated solely on their professional performance, ensuring a workplace free from discrimination regarding age, gender, pregnancy, disability, ethnicity, marital status, or family background. The Group continues to strive for a record of zero incidents concerning harassment and discrimination.

In FY2025, the Group observed no instances of material non-compliance with applicable employment laws and regulations that could significantly affect our operations. Our practices remain fully aligned with regional mandates, including but not limited to the Employment Ordinance (Cap. 57, Laws of Hong Kong), the Sex Discrimination Ordinance (Cap. 480, Laws of Hong Kong), the Employees' Compensation Ordinance (Cap. 282, Laws of Hong Kong), the Employment Laws and Regulations of Macau, and the Labor Contract Regulations of the Shanghai Municipality.

As at 31 December 2025, the Group had a total of 160 employees (2024: 170 employees), with a slight decrease of 5.88%. The employee demographic distribution is as follows:

	2025	2024
By gender		
Male	125	134
Female	33	36
By employment type		
Full-time	153	164
Part-time	5	6
By age group		
under 30	47	49
30 to 40	60	64
41 to 50	31	32
Above 50	20	25
By geographical region		
Hong Kong	143	155
Macau	14	14
The PRC	1	1

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the year ended 31 December 2025, the staff turnover rate<sup>6</sup> and its demographic distribution is as follows:

	2025	2024
Total	<b>34.2%</b>	22.5%
By gender		
Male	<b>30.4%</b>	21.5%
Female	<b>48.5%</b>	26.0%
By age group		
under 30	<b>12.8%</b>	18.2%
30 to 40	<b>43.3%</b>	22.6%
41 to 50	<b>38.7%</b>	30.0%
Above 50	<b>50.0%</b>	21.9%
By geographical region		
Hong Kong	<b>30.8%</b>	20.4%
Macau	<b>7.1%</b>	6.3%
The PRC	<b>900.00%<sup>7</sup></b>	90.0%

## B2: Health and Safety

The Group is committed to maintaining a secure and healthy workplace for both our employees and sub-contractors, taking proactive measures to mitigate the risk of occupational accidents and injuries. Our offices are equipped with accessible first aid kits, and we provide comprehensive medical insurance coverage for all full-time staff members. Our health and safety framework dictates that management at every level holds a primary responsibility to ensure all practical steps are taken to uphold the Occupational Safety and Health Ordinance (Cap. 509, Laws of Hong Kong) and the Group's internal safety standards.

We are pleased to report that there have been no work-related fatalities or major injuries over the past three reporting years. For FY2025, the Group recorded zero lost workdays resulting from occupational injuries.

<sup>6</sup> Staff turnover rate = number of staff leaving employment during that year in the category ÷ (number of staff at the beginning of that year in the category + number of staff employed during that year in the category) × 100%

<sup>7</sup> The significant turnover rate was mainly due to the closure of the Shanghai office.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Beyond fundamental safety protocols, the Group proactively encourages its workforce to maintain a healthy and balanced lifestyle. For the year ended 31 December 2025, health and safety performance was subject to periodic monitoring and management review. As part of our commitment to preventive care, the Group provides annual medical check-up sponsorships for all staff members. We also continue to implement flexible work arrangements—including remote work options, shift rotations, and adaptable lunch schedules—which have proven effective in facilitating seamless team communication while simultaneously reducing operational overhead.

The Group's commitment to health extends beyond the office; we actively encourage our personnel to participate in external physical activities and wellness events organized by charitable organizations. We believe these initiatives foster both personal health and community spirit.

During FY2025, the Group observed no instances of material non-compliance with relevant laws and regulations regarding occupational health and safety. We remain dedicated to evolving our policies in line with best practices to ensure a resilient and healthy workforce.

### **B3: Development and Training**

The Group is committed to the continuous professional growth of our workforce, providing regular training initiatives to ensure all team members possess the specialized skills necessary to excel in their daily responsibilities. We actively encourage employees across all levels of the corporate hierarchy to engage in diverse self-development courses tailored to their specific career paths. To further support this, the Group provides financial sponsorship for external training programs that are essential to our employees' professional requirements.

Our management philosophy emphasizes a collaborative approach; team leaders are encouraged to work closely with their members to identify and understand individual development goals. This ensures our training programs remain relevant and impactful. During FY2025, the Group continued to prioritize skill enhancement to maintain our competitive edge in the IT solutions sector. The detailed training data for the reporting period is as follows:

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	2025		2024	
	Breakdown of employees trained	Average training hours	Breakdown of employees trained	Average training hours
By gender				
Male	44.5%	0.7	73.8%	6.6
Female	53.1%	1.0	26.2%	2.1
By employee category				
Senior management	22.2%	1.9	4.9%	5.9
Middle management	31.8%	1.2	33.0%	4.0
General employee	46.0%	2.5	62.1%	6.5

## B4: Labour Standards

The Group maintains a zero-tolerance policy regarding child and forced labour, strictly adhering to all applicable labour legislation. In full compliance with the Employment Ordinance (Cap. 57, Laws of Hong Kong), the “Regulation on Labour Security Supervision,” and the “Provisions on the Prohibition of Using Child Labour” in Mainland China, no instances of child or forced labour were identified within the Group’s operations during FY2025.

Our Human Resources Department enforces a robust recruitment protocol that includes the mandatory collection and rigorous verification of identity and age documentation for all candidates. Furthermore, the Group maintains internal auditing procedures to regularly review employment records. Should any non-compliance with these procedures be detected, the Group is prepared to initiate immediate investigations and apply disciplinary actions as required.

To prevent forced labour, the Group clearly defines working hours and overtime policies within each individual employment contract. We advocate for a healthy work-life balance and ensure employees have adequate rest during non-working periods. In cases where duties are performed on public holidays, employees are entitled to appropriate compensation, subject to supervisor approval and in strict accordance with local jurisdictional laws. Any identified violations concerning forced labour will trigger an immediate investigation, a formal report to senior management, and necessary punitive measures to ensure such practices are eliminated.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B5: Supply Chain Management

The Group maintains long-term and stable relationships with its major suppliers, which primarily consist of outsourced service providers and material suppliers. To ensure service quality and reliability, all suppliers are carefully evaluated during the selection process and are subject to regular performance monitoring. As of 31 December 2025, the geographic distribution of the Group's suppliers is as follows:

Number of suppliers	2025	2024
Hong Kong	152	183
Mainland China	2	4
Macau	2	2
Others	18	16
Total	174	205

## Procurement Mechanism

The Group's Procurement Department operates under a rigorous policy for the acquisition of materials and the selection of outsourced service providers. Our evaluation process extends beyond pricing competitiveness to include product and service quality, business ethics, anti-corruption standards, and data protection protocols. Furthermore, where appropriate, the Group requires suppliers to demonstrate environmental and social responsibility, integrating these factors into our final purchasing decisions.

The Group conducts periodic reviews of its supplier network to ensure continued alignment with our selection criteria. Any identified discrepancies trigger immediate investigations and direct communication with the vendor to facilitate necessary rectifications or improvements. We continuously monitor our supply chain through various channels, including public media reports and direct engagement, to ensure management practices are properly implemented. For the year ended 31 December 2025, the Group was not aware of any major suppliers whose actions or practices had a significant negative impact on business ethics, environmental protection, human rights, or labour standards.

## B6: Product Responsibility

Product responsibility remains a core priority for the Group. We are committed to delivering high connectivity, exceptional reliability, and superior customer service. During FY2025, the Group recorded no instances of material non-compliance regarding health and safety, advertising, or labeling related to our products and services. Our operations remain fully aligned with relevant legislation, including the Supply of Services (Implied Terms) Ordinance (Cap. 457, Laws of Hong Kong), the Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong), and the Trade Descriptions Ordinance (Cap. 362, Laws of Hong Kong). Throughout the reporting period, the Group received no service-related complaints and was not subject to any product recalls.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***Customer Satisfaction and Quality Assurance***

The sustained support of our clients is fundamental to our success. We are dedicated to providing high-quality service, and any customer complaints are promptly reviewed by the appropriate technical teams for resolution. If necessary, these matters are escalated to management for further action. To maintain our “Customer-Oriented” objective, the Group continues to uphold the ISO 9001:2015 quality management system standard for our system maintenance and support services, ensuring rigorous quality assurance across all deliverables.

## ***Intellectual Property (IP) Rights***

The Group strictly respects intellectual property rights and prohibits the use of infringing materials within its business operations. All employees are required to adhere to the Copyright Ordinance (Cap. 528, Laws of Hong Kong). We are committed to procuring only genuine copyrighted products, such as professional software and firewalls. Employees are provided with fundamental guidelines to prevent IP infringement, and the Group maintains the right to take disciplinary or legal action against any breaches of these rights.

## ***Data Privacy and Information Security***

Protecting customer data is a cornerstone of our professional relationships. The Group employs stringent physical security measures and industry best practices to prevent data leakage or loss. Our comprehensive security policy governs access control, data security, application security, and network communications.

In accordance with the Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong), staff are required to handle all personal and internal data with strict confidentiality. These obligations are formalized upon contract signing and persist beyond the term of employment. For governmental projects, all information is treated as strictly confidential and used solely for the purposes defined in the assignment contracts. Management conducts regular reviews and provides updated training to ensure our data protection measures remain robust.

## ***Advertising and Labelling***

Given the nature of our business, the Group is not exposed to significant risks related to product labeling or consumer health and safety. Nevertheless, we remain diligent in our promotional activities, ensuring that all information regarding our products and services is accurate and reflects the actual quality and performance delivered to our customers.

## ***B7: Anti-corruption***

The Group adheres to the highest standards of conduct and integrity, maintaining a zero-tolerance policy toward fraud, corruption, and bribery. We strictly comply with all relevant laws and regulations, including the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong), the Company Law of the People’s Republic of China, and the Anti-money Laundering Law of the People’s Republic of China. During FY2025, the Group was not aware of any legal cases regarding corrupt practices brought against the Group or its employees.

## ***Whistleblowing Policy and Reporting***

Every employee has an obligation to report concerns regarding misconduct, including violations of legal requirements, fraud, or breaches of our Code of Conduct. To support this, we have established a robust whistleblowing policy that allows for the reporting of suspected irregularities at the highest levels of the organization. Employees may report directly to the Chairman, the CEO, the Board, or the Audit Committee through various confidential channels, such as written reports or encrypted email.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For any reported case where an investigation is warranted, the outcomes and recommendations are presented to the Chairman and CEO. Our procedures ensure that all disclosures are treated with the utmost confidentiality and sensitivity, protecting employees from any form of intimidation or retaliation. Violations of these policies or applicable laws may result in internal disciplinary action, civil liability, or criminal prosecution.

### ***Training and Communication***

Our principles of integrity are consistently conveyed through daily communication, seminars, and formal training. In Hong Kong, employees are encouraged to attend business ethics seminars conducted by the Independent Commission Against Corruption (ICAC), organized by our Human Resources Department. Furthermore, our requirements for ethical conduct are clearly communicated to all contractors and service providers, who are expected to uphold the same rigorous standards as the Group.

### **B8: Community Investment**

Apart from caring for its employees, the Group cares for its community and discharges its corporate social responsibilities by actively participating in voluntary services. We focus primarily on public health, education, and social welfare initiatives organized by Pok Oi Hospital, and participated in approximately six days of community investment activities. Additionally, the Group donated approximately HK\$67,200 to approved donation organizations in Hong Kong. We will continue searching for appropriate donation organizations to spread our participation and contributions to society.

With its care for people and the environment, the Group has long been recognized by the Hong Kong Council of Social Service with the “Caring Company Award” for eleven consecutive years. Additionally, the Group received the “Partner Employer Award,” organized by The Hong Kong General Chamber of Small and Medium Business, in recognition of our contribution in offering job opportunities to local university graduates, persons with disabilities, retrained individuals, rehabilitated persons, retirees, ethnic minorities, and individuals with qualifications recognized by the Qualifications Framework for five consecutive years.

## **SECTION C: CLIMATE CHANGE**

The Group has implemented proactive strategies to foster a culture of energy conservation and carbon reduction, directly addressing the global challenges posed by climate change. We consistently refine our energy management protocols, focusing on high-impact areas such as office electricity usage. Management continues to issue regular directives ensuring that laptops, lighting, and air-conditioning systems are powered down outside of operational hours to minimize our carbon footprint.

In alignment with the IFRS S2 Climate-related Disclosures framework, the Group has evaluated specific climate risks that could materially affect our business continuity.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Physical Risks

The rising frequency and severity of extreme weather events—including typhoons, tropical cyclones, torrential rain, and temperature extremes—pose potential threats to our daily operations and supply chain stability. Such incidents may jeopardize the safety of our personnel or cause physical damage to office infrastructure, leading to operational delays and increased maintenance costs, which could ultimately impact the Group's financial performance.

To mitigate these risks, the Group has established robust countermeasures. We closely monitor real-time weather alerts and government advisories, maintain and regularly test our emergency contingency plans, and utilize instant messaging platforms to keep all staff informed of safety protocols. These actions are designed to minimize long-term operational disruptions.

## Transition Risks

As the climate policies of the Hong Kong and Mainland China governments continue to evolve, the Group anticipates that the transition to a low-carbon economy may present regulatory, technological, and market-based challenges. Non-compliance with increasingly stringent environmental laws could lead to litigation risks and financial penalties, as well as damage to the Group's corporate reputation.

The Group actively monitors changes in environmental legislation to ensure full compliance and avoid the costs associated with regulatory fines. By adopting effective emission reduction strategies, we aim to stay ahead of market shifts and maintain our standing as a responsible corporate citizen.

## Green Operations

In the current low-carbon era, maintaining a “green office” is a strategic necessity. The Group integrates the principles of green development into its daily business functions and management practices. Throughout FY2025, the Group has furthered its paperless initiatives across all service lines. We prioritize digital collaboration through video conferencing, electronic approval systems, and cloud-based communication tools, which significantly reduces our resource dependency while enhancing overall management efficiency.

The Group continues to target the reduction of greenhouse gases emissions intensity by at least 10% and maintain or reduce the intensity of waste, petrol and electricity consumption in FY2025.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

### Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Declaration
<b>A. Environmental</b>		
<b>A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
A1.1	The types of emissions and respective emissions data.	Emissions – Air and Greenhouse Gas Emissions, Paper Consumption Business Air Travel, Waste Management
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management Not applicable – Explained
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management
A1.5	Description of reduction initiatives and results achieved.	Emissions – GHG Emissions, Waste Management
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**

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
A2.1	Direct and/or indirect energy consumption by type in total (in MWh) and intensity.	Use of Resources – Energy Consumption
A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption
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 Consumption
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 Material Not applicable – Explained
<b>A3 The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
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 – Environmental Education, Indoor Air Quality

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Declaration
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category.	
B3.2	The average training hours completed per employee by gender and employee category.	
<b>B4 Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	
B4.2	Description of steps taken to eliminate such practices when discovered.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Declaration
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	
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.	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
<b>B6 Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
B6.2	Number of products and service related complaints received and how they are dealt with.	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B6.4	Description of quality assurance process and recall procedures.	
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	
<b>B7 Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases.	
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
B7.3	Description of anti-corruption training provided to directors and staff.	
<b>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
B8.1	Focus areas of contribution.	
B8.2	Resources contributed to the focus area.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Subject Areas,  
Aspects, General**

Disclosures and KPIs	Description	Section/Declaration
<b>C: Climate-related Disclosures</b>		
I Governance	Climate-relevant governance structure	Climate Change
II Strategy	Climate-related risks and opportunities Business model and value chain Strategy and decision-making Financial position, financial performance and cash flows Climate resilience	
III Risk Management	Risk management policies and procedures	
IV Metrix & Targets	Greenhouse gas emissions Climate-related transition risks Climate-related physical risks Climate-related opportunities Capital deployment Internal carbon prices Remuneration Climate-related targets	

# INDEPENDENT AUDITOR'S REPORT



**LINKSFIELD**  
CPA LIMITED

## **To the Shareholders of Kinetix Systems Holdings Limited**

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

### **OPINION**

#### **What we have audited**

The consolidated financial statements of Kinetix Systems Holdings Limited (the “Company”) and its subsidiaries (the “Group”), set out on pages 74 to 143, which comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### **Our opinion**

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 (“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 (“HKSA”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

# INDEPENDENT AUDITOR'S REPORT

## 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.

Key audit matters identified in our audit are summarised as follows:

- revenue from certain IT Solutions Services which are treated as one performance obligation and recognised over time; and
- impairment for trade receivables, unbilled receivables and contract assets.

### Key Audit Matters

### How our audit addressed the Key Audit Matters

#### Revenue from certain IT Solutions Services which are treated as one performance obligation and recognised over time

Refer to Notes 4(c) and 6 to the consolidated financial statements.

For the year ended 31 December 2025, the Group's revenue from IT infrastructure solutions services and IT development solutions services (collectively, the "IT Solutions Services") of approximately HK\$78.4 million and HK\$124.6 million, respectively, are treated as one performance obligation and recognised over time because these IT Solutions Services require the Group to carry out configuration, customisation, and integration of the hardware and software in accordance with clients' requirements and specifications, which are highly interdependent with each other and involve significant integration activities.

The revenue arising from these IT Solution Services should be recognised over time by measuring the progress towards complete satisfaction of the performance obligation. The progress was measured by the input method, with reference to the proportion that contract costs incurred for work performed to date compared to the estimated total budgeted costs. The Group has determined that an input method is an appropriate method to measure the Group's progress towards complete satisfaction of a performance obligation satisfied over time.

We performed the following procedures to address the key audit matter:

- Obtained an understanding of management's internal control and process of revenue from IT Solutions Services which are treated as one performance obligation and recognised over time and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud;
- Evaluated the design, implementation and operating effectiveness of key internal controls which govern revenue from IT Solution Services which are treated as one performance obligation and recognised over time;
- Tested the key controls, on a sample basis, over estimating costs to complete and budgeted margin of services contracts;
- Discussed with the project managers the status of the projects, to identify any variations, claims and provision on loss-making contracts, and to obtain explanations for fluctuations in margins and the expected recovery of variations;

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters

We focused on this area because the magnitude of revenue from these IT Solutions Services which are treated as one performance obligation and recognised over time are significant and determining the value of the services completed to date for the purpose of recognising these revenue involved significant judgment and estimates.

## How our audit addressed the Key Audit Matters

- Reviewed the content of the contracts of these IT Solutions Services and correspondence with customers to understand the nature of the services provided by the Group to their customers and assessed whether the promises to customers were capable of being distinct, highly interdependent with each other, involved significant integration activities and customisation, based on the facts and circumstances, and the applicable accounting standard;
- Assessed the basis for estimation of the budgeted costs by checking to the related contracts of these IT Solutions Services to the budgets prepared and performed retrospective review on budgeted costs;
- Tested, on a sample basis, the actual costs incurred on these IT Solutions Services during the reporting period by tracing to the supporting documents; and
- Checked the mathematical accuracy of the calculation of cost allocation and evaluate the completion progress of these IT Solutions Services.

Based upon the above, we found that management's judgment in determining the amount and timing of revenue from IT Solutions Services which are treated as one performance obligation and recognised over time were supported by the available evidence.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters

### **Impairment for trade receivables, unbilled receivables and contract assets**

Refer to Notes 3.1(b), 4(a), 19, 21 and 32.9(d) to the consolidated financial statements.

As at 31 December 2025, the Group had total gross trade receivables, unbilled receivables and contract assets (collectively, the "Receivables and Contract Assets") of approximately HK\$177 million and total loss allowance of approximately HK\$13.9 million. Loss allowance is made for lifetime expected credit losses ("ECLs") on balances of Receivables and Contract Assets.

Management applied judgment in assessing the expected credit losses. Receivables and Contract Assets relating to customers with significant doubts on collection of receivables are assessed individually for provision for loss allowance. Expected credit losses are also estimated by grouping the remaining Receivables and Contract Assets based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the Receivables and Contract Assets. The expected credit loss rates are determined based on the payment profile of sales over a period of two years and the corresponding historical credit loss experienced within the period, and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the Receivables and Contract Assets.

We focused on this area due to the magnitude of the balances of Receivables and Contract Assets, and the higher degree of estimation and judgment involved in determining the ECLs allowance of Receivables and Contract Assets.

## How our audit addressed the Key Audit Matters

We performed the following procedures to address the key audit matter:

- Understood, evaluated and validated, on a sample basis, the key control procedures over the management's estimation of ECLs allowance and periodic review of aged Receivables and Contract Assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors associated with estimating the ECLs;
- Evaluated the significant judgments and assumptions involved in the ECLs allowance of Receivables and Contract Assets, including management's assessment of credit risks of the debtors, considering their payment profiles of sales over a period of two years and forward-looking factors such as macroeconomic factors and historical default rates used in management's assessment, and assessed the reasonableness of the judgments and assumptions adopted;
- Involved our valuation expert to develop an auditor's point estimate in assessing the ECLs allowance including forward-looking information;
- Tested, on a sample basis, the accuracy of ageing profile of trade receivables by checking to the underlying sales invoices; and
- Tested, on a sample basis, the subsequent cash collection of trade receivables and subsequent settlement of unbilled receivables and contract assets.

Based upon the above, we found that the estimation and judgment made by management in respect of the ECLs allowance and the collectability of Receivables and Contract Assets were supported by the available evidence.



## INDEPENDENT AUDITOR'S REPORT

### 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.

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

The directors of the Company are responsible for the preparation of 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



# INDEPENDENT AUDITOR'S REPORT

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT

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

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, 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 Kwok Chi Kan.

**Linksfield CPA Limited**

*Certified Public Accountants*

**Kwok Chi Kan**

Practising Certificate Number: P06958

Hong Kong, 30 March 2026

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	6	<b>393,085</b>	335,346
Cost of sales	8	<b>(314,450)</b>	(268,841)
<b>Gross profit</b>		<b>78,635</b>	66,505
Other income	7	<b>959</b>	884
Selling expenses	8	<b>(19,075)</b>	(14,523)
Provision for expected credit losses, net		<b>(240)</b>	(3,013)
Administrative and general expenses	8	<b>(56,376)</b>	(56,447)
<b>Operating profit/(loss)</b>		<b>3,903</b>	(6,594)
Finance costs	11	<b>(620)</b>	(243)
<b>Profit/(loss) before income tax</b>		<b>3,283</b>	(6,837)
Income tax expense	12	<b>(56)</b>	(14)
<b>Profit/(loss) for the year</b>		<b>3,227</b>	(6,851)
<b>Attributable to:</b>			
Owners of the Company		<b>2,506</b>	(4,701)
Non-controlling interests		<b>721</b>	(2,150)
		<b>3,227</b>	(6,851)
<b>Earnings/(loss) per share for the profit/(loss) attributable to owners of the Company (in cents)</b>			
Basic and diluted	13	<b>0.17</b>	(0.33)

The above consolidated income statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>Profit/(loss) for the year</b>	<b>3,227</b>	(6,851)
<b>Other comprehensive loss</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of foreign operations	<b>(100)</b>	(59)
Other comprehensive loss for the year	<b>(100)</b>	(59)
<b>Total comprehensive income/(loss) for the year</b>	<b>3,127</b>	(6,910)
<b>Attributable to:</b>		
Owners of the Company	<b>2,406</b>	(4,760)
Non-controlling interests	<b>721</b>	(2,150)
	<b>3,127</b>	(6,910)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	1,649	1,234
Right-of-use assets	17(a)	9,606	2,699
Deposits	19	1,575	757
Deposit and prepayment for a life insurance	20	6,615	6,632
		<b>19,445</b>	11,322
<b>Current assets</b>			
Trade and other receivables	19	122,559	70,955
Contract assets	21	65,145	68,455
Amount due from the immediate holding company	29(b)	1,067	555
Amounts due from non-controlling shareholders	29(b)	190	250
Current income tax assets		–	1
Cash and cash equivalents	22	51,208	31,188
		<b>240,169</b>	171,404
<b>Total assets</b>		<b>259,614</b>	182,726
<b>EQUITY</b>			
Share capital	24	14,459	14,459
Reserves		62,925	60,519
Equity attributable to owners of the Company		<b>77,384</b>	74,978
Non-controlling interests		<b>(9,776)</b>	(10,497)
<b>Total equity</b>		<b>67,608</b>	64,481

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long service payment obligations	26	46	46
Lease liabilities	17(a)	6,036	1,061
Deferred income tax liabilities	23	73	17
		<b>6,155</b>	1,124
<b>Current liabilities</b>			
Trade and other payables	25	95,602	98,945
Contract liabilities	21	82,183	12,064
Bank borrowings	27	–	262
Amounts due to non-controlling shareholders	29(b)	3,698	3,698
Lease liabilities	17(a)	4,368	2,152
		<b>185,851</b>	117,121
<b>Total liabilities</b>		<b>192,006</b>	118,245
<b>Total equity and liabilities</b>		<b>259,614</b>	182,726

The consolidated financial statements on pages 74 to 143 were approved by the Board of Directors on 30 March 2026 and were signed on its behalf.

**Yu Larry**  
Executive Director

**Law Cheung Moon**  
Executive Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to the owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000 (note i)	Other reserve HK\$'000 (note ii)	Share-based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024	14,459	115,948	10	3,364	(948)	(53,095)	79,738	(8,347)	71,391
Loss for the year	-	-	-	-	-	(4,701)	(4,701)	(2,150)	(6,851)
Exchange difference arising from translation of foreign operations	-	-	-	-	(59)	-	(59)	-	(59)
Total comprehensive loss for the year	-	-	-	-	(59)	(4,701)	(4,760)	(2,150)	(6,910)
<b>At 31 December 2024</b>	<b>14,459</b>	<b>115,948</b>	<b>10</b>	<b>3,364</b>	<b>(1,007)</b>	<b>(57,796)</b>	<b>74,978</b>	<b>(10,497)</b>	<b>64,481</b>
<b>At 1 January 2025</b>	<b>14,459</b>	<b>115,948</b>	<b>10</b>	<b>3,364</b>	<b>(1,007)</b>	<b>(57,796)</b>	<b>74,978</b>	<b>(10,497)</b>	<b>64,481</b>
Profit for the year	-	-	-	-	-	2,506	2,506	721	3,227
Exchange difference arising from translation of foreign operations	-	-	-	-	(100)	-	(100)	-	(100)
Total comprehensive income for the year	-	-	-	-	(100)	2,506	2,406	721	3,127
<b>At 31 December 2025</b>	<b>14,459</b>	<b>115,948</b>	<b>10</b>	<b>3,364</b>	<b>(1,107)</b>	<b>(55,290)</b>	<b>77,384</b>	<b>(9,776)</b>	<b>67,608</b>

Notes:

- i. Share premium represents the excess of the proceeds received over the nominal value of the Company's shares issued.
- ii. Other reserve represents the difference between share capital of the Company issued during the reorganisation in preparation for the listing pursuant to which the Company became the holding company of the Group, and the aggregate value of the respective share capital/paid-in capital of the companies now comprising the Company and the amount of advances from the immediate holding company capitalised.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	28(a)	25,903	5,211
Bank interest received		311	558
Income tax refunded/(paid)		1	(62)
Net cash generated from operating activities		26,215	5,707
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,101)	(554)
Proceeds from disposals of property, plant and equipment		–	1
Advances to the immediate holding company		(512)	(216)
Net cash used in investing activities		(1,613)	(769)
<b>Cash flows from financing activities</b>			
Principal elements of lease payments	28(b)	(3,660)	(2,713)
Interest elements of lease payments	28(b)	(522)	(169)
Finance cost paid	28(b)	(98)	(74)
Repayment of bank borrowings	28(b)	(262)	(1,113)
Amounts due to non-controlling shareholders		60	44
Net cash used in financing activities		(4,482)	(4,025)
Net increase in cash and cash equivalents		20,120	913
Cash and cash equivalents at the beginning of the year		31,188	30,323
Effect of foreign exchange rate changes		(100)	(48)
Cash and cash equivalents at the end of the year		51,208	31,188

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1 GENERAL INFORMATION

Kinetix Systems Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 16 September 2016 and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”) by way of shares offer (the “Share Offer”) on 16 July 2018. The registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The principal activities of the Group are provision of information technology (“IT”) infrastructure solutions services, IT development solutions services and IT maintenance and support services. In the opinion of the directors of the Company, the ultimate and the immediate holding company of the Company is Vigorous King Limited, a company incorporated in the British Virgin Islands (“BVI”) which is wholly owned by Mr. Yu Larry (“Mr. Yu”), who is also the Chairman, Chief Executive Officer and Executive Director of the Company.

These consolidated financial statements are presented in thousands of Hong Kong Dollars (“HK\$’000”), unless otherwise stated.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The consolidated financial statements of the Group have been prepared in accordance with the HKFRS Accounting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The consolidated financial statements are prepared on a going concern basis.

### (a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2025:

HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)
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The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### (b) New standards and interpretations not yet adopted

The following new standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (amendments)	1 January 2027
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

### ***HKFRS 18, Presentation and disclosure in financial statements***

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

Except from the above, the directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards and interpretations. These standards and interpretations are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the requirements. The Group intends to adopt the above new standards and interpretations when they become effective.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group's activities expose it to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the analysis, evaluation, acceptance and monitoring of such risks which are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effect on the Group's financial performance.

### 3.1 Financial risk factors

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group mainly operates in Hong Kong. The majority of the transactions are settled in the respective local currencies, namely Hong Kong dollar ("HK\$").

Management closely monitors foreign currency exchange exposure and will take measures to minimise the currency translation risk. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure as management considers its exposure is not significant.

For the companies with HK\$ as their functional currency, transactions conducted in foreign currencies are mainly in United States dollars ("US\$").

The Group has minimal exposure to foreign exchange risk between US\$ and HK\$ as they are linked between each other under the Linked Exchange Rate System. Accordingly, no sensitivity analysis is performed.

The functional currency of the PRC reporting entities is Renminbi ("RMB") and the transactions are mostly denominated in RMB, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

The functional currency of the Singaporean reporting entity is Singapore dollar ("SGD") and the transactions are mostly denominated in SGD. The exposure to foreign exchange risk between SGD and HK\$ is minimal. Accordingly, no sensitivity analysis is performed.

The functional currency of the Macau reporting entities is Macau Pataca ("MOP") and the transactions are mostly denominated in MOP. The exposure to foreign exchange risk between MOP and HK\$ is minimal. Accordingly, no sensitivity analysis is performed.

##### (ii) Interest rate risk

The Group has no significant interest-bearing assets and liabilities other than cash at bank, deposits for a life insurance policy, and bank borrowings, which carried interest at floating rates and are exposed to cash flow interest rate risk.

In the opinions of the directors, the interest income derived from the bank balances is insignificant and the Group's income and operating cash flows are substantially independent of changes in market interest rates. Accordingly, no sensitivity analysis is performed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

At 31 December 2025, if interest rate on deposit for a life insurance policy had been 50 basis points (2024: 50 basis points) higher/lower with all other variables held constant, profit for the year would have been approximately HK\$22,000 higher/lower (2024: loss for the year would have been approximately HK\$21,000 lower/higher), as a result of higher/lower interest income on deposit for a life insurance policy.

At 31 December 2024, if interest rate on bank borrowings had been 50 basis points higher/lower with all other variables held constant, loss for the year would have been approximately HK\$1,000 higher/lower, as a result of higher/lower interest expenses on bank borrowings.

#### (b) Credit risk

Credit risk refer to the risk that the counter-party fails to meet its contractual obligations resulting in financial loss to the Group. The credit risk of the Group mainly arises from trade receivables, unbilled receivables, contract assets, other receivables, deposits, deposit for a life insurance policy, amounts due from the immediate holding company/non-controlling shareholders and bank balances. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and other items.

The Group applies the simplified approach in HKFRS 9 to measure the expected credit losses ("ECLs") for trade receivables, unbilled receivables and contract assets.

The Group applies the general approach in accordance with HKFRS 9 to measure the ECLs for financial assets at amortised cost that are not qualified for simplified approach, which uses a three-stage model to calculate the loss allowances. According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECLs by three stages:

- Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECLs is recognised as loss allowance.
- Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime ECLs is recognised as loss allowance.
- Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime ECLs is recognised as loss allowance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

##### *Assessment of significant increase in credit risk*

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date with the risk of default at origination (after considering the passage of time). 'Significant' does not mean statistically significant nor is it reflective of the extent of the impact on the Group's consolidated financial statements. Whether a change in the risk of default is significant or not is assessed using quantitative and qualitative criteria, e.g. payment being past due by more than 30 days, the weight of which will depend on the type of product and counterparty.

##### *Assessment of credit-impaired*

Credit-impaired financial assets comprise those assets that have experienced an observed credit event and are in default. Default represents those assets that are at least 90 days past due and/or where the assets are otherwise considered unlikely to pay, such as bankruptcy, fraud or death of the debtor. This definition is consistent with internal credit risk management and the regulatory definition of default.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

##### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

*Trade receivables, unbilled receivables and contract assets*

As at 31 December 2025, the Group is exposed to concentration of credit risk as 11% (2024: 20%), 14% (2024: 1%) and 1% (2024: 50%) of the total trade receivables, unbilled receivables and contract assets were due from the five largest customers. The major customers of the Group are reputable organisations.

The Group applied HKFRS 9 simplified approach to measure the ECL for trade receivables, unbilled receivables and contract assets. The Group measures the ECLs on a combination of both individual and collective basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 days from the date of billing. Negotiated on a case-by-case basis, the credit terms granted to certain customers could be up to three months. Normally, the Group does not obtain collateral from customers. The ECLs are also estimated by grouping the remaining trade receivables, unbilled receivables and contract assets based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the trade receivables, unbilled receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of two years and the corresponding historical credit losses experienced within the period. The historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Measurement of ECL on individual basis

Trade receivables, unbilled receivables and contract assets relating to customers with significant doubt on collection of receivables are assessed individually for provision for impairment allowance. During the year ended 31 December 2025, individual impairment assessment was performed on trade receivables with gross balances of approximately HK\$3,310,000 (2024: HK\$2,601,000) and impairment allowances of approximately HK\$3,310,000 (2024: HK\$2,601,000) had been provided.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

Trade receivables, unbilled receivables and contract assets (continued)

Measurement of ECL on collective basis

The loss allowance for trade receivables, unbilled receivables and contract assets as at 31 December 2025 and 2024 was determined as follows:

	<b>Expected loss rate</b>	<b>Gross carrying amount</b> HK\$'000	<b>Lifetime expected credit loss</b> HK\$'000	<b>Net carrying amount</b> HK\$'000
<b>As at 31 December 2025</b>				
Not yet due or within 180 days	<b>0.24%</b>	<b>162,588</b>	<b>(397)</b>	<b>162,191</b>
181–360 days past due	<b>31.21%</b>	<b>1,400</b>	<b>(437)</b>	<b>963</b>
More than 360 days past due	<b>100.00%</b>	<b>9,735</b>	<b>(9,735)</b>	<b>–</b>
		<b>173,723</b>	<b>(10,569)</b>	<b>163,154</b>
<b>As at 31 December 2024</b>				
Not yet due or within 180 days	1.18%	116,919	(1,375)	115,544
181–360 days past due	84.89%	1,476	(1,253)	223
More than 360 days past due	100.00%	12,997	(12,997)	–
		131,392	(15,625)	115,767

Impairment losses on trade receivables, unbilled receivables and contract assets are presented as “Provision for expected credit losses, net” in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are recognised in the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

*Trade receivables, unbilled receivables and contract assets (continued)*

The movements of loss allowance for trade receivables, unbilled receivables and contract assets are shown as follows:

	Lifetime ECL			Total HK\$'000
	Trade receivables HK\$'000	Unbilled receivables HK\$'000	Contract assets HK\$'000	
At 1 January 2024	14,575	126	512	15,213
Provision for/(reversal of) expected credit losses, net	3,485	(121)	(351)	3,013
Written off	(2,601)	–	–	(2,601)
<b>At 31 December 2024 and at 1 January 2025</b>	<b>15,459</b>	<b>5</b>	<b>161</b>	<b>15,625</b>
<b>Provision for/(reversal of) expected credit losses, net</b>	<b>203</b>	<b>65</b>	<b>(28)</b>	<b>240</b>
<b>Written off</b>	<b>(1,986)</b>	<b>–</b>	<b>–</b>	<b>(1,986)</b>
<b>At 31 December 2025</b>	<b>13,676</b>	<b>70</b>	<b>133</b>	<b>13,879</b>

*Other receivables, deposits, deposit for a life insurance policy and amounts due from the immediate holding company/non-controlling shareholders*

The Group adopted general approach for expected credit loss of other receivables, deposits, deposit for a life insurance policy and amounts due from the immediate holding company/non-controlling shareholders.

The Group closely monitors these receivables. Management considers the credit risk on these amounts is minimal after considering the financial conditions of the counterparties. Based on historical experience, these financial assets are settled upon maturity and there has been no history of default.

The Group considered other receivables, deposits, deposits for a life insurance policy and amounts due from immediate holding company and non-controlling shareholders have not significantly increased in credit risk from initial recognition. Thus, other receivables, deposits, deposits for a life insurance policy and amounts due from immediate holding company and non-controlling shareholders are classified in stage one and only considered 12-month ECLs. Considering the history of default, current conditions and forward-looking factor, the ECL is immaterial.

#### *Bank balances*

The credit risk on deposits with banks is limited because the counterparties are several reputable and creditworthy banks. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past. Therefore, expected credit loss rate of cash at bank is assessed to be immaterial and no provision was made as at 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

#### (c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year or on demand HK\$'000	Between 1 to 2 years HK\$'000	Between 2 to 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
<b>As at 31 December 2025</b>					
Trade and other payables	91,088	–	–	91,088	91,088
Amounts due to non-controlling shareholders	3,698	–	–	3,698	3,698
Lease liabilities	4,897	4,089	2,269	11,255	10,404
	<b>99,683</b>	<b>4,089</b>	<b>2,269</b>	<b>106,041</b>	<b>105,190</b>
<b>As at 31 December 2024</b>					
Trade and other payables	94,526	–	–	94,526	94,526
Bank borrowings	266	–	–	266	262
Amounts due to non-controlling shareholders	3,698	–	–	3,698	3,698
Lease liabilities	2,281	937	162	3,380	3,213
	<b>100,771</b>	<b>937</b>	<b>162</b>	<b>101,870</b>	<b>101,699</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

#### (c) Liquidity risk (continued)

Bank borrowings with a repayment on demand clause were included in the “Less than 1 year or on demand” time band in the above maturity analysis. The table below summarised the maturity analysis of bank borrowings based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payables computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “Less than 1 year or on demand” time band above. Taking into account the Company’s financial position, the directors did not consider that it was probable that the bank will exercise its discretion to demand immediate repayment. The directors believed that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	2025 HK\$'000	2024 HK\$'000
<b>Bank borrowings subject to a repayment on demand clause based on scheduled repayments</b>		
Within one year	–	266

### 3.2 Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group’s overall strategy remains unchanged throughout the year.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The capital structure of the Group represents equity attributable to owners of the Company, comprising issued share capital, accumulated losses, and other reserves. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the member, return capital to the members, issue new shares or sell assets to reduce debt.

The Group monitors capital with reference to its debt position. The Group’s strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligations. At 31 December 2025, the gearing ratio of the Group’s total debt (defined as bank and other debts incurred not in the ordinary course of business) over its total equity was 20.9% (2024: 11.1%).

The Group is not subject to externally imposed capital requirements during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.3 Fair value estimation

Fair value measurements by level of a fair value measurement hierarchy are not disclosed as no financial assets are stated at fair value on the three level hierarchy basis in the consolidated statement of financial position.

The carrying amounts of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values. The fair value for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

### 3.4 Offsetting financial assets and financial liabilities

There is no material offsetting, enforceable master netting arrangement and similar agreements as at 31 December 2025 and 2024.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (a) Loss allowance of trade receivables, unbilled receivables and contract assets

The Group applies the simplified approach permitted by HKFRS 9 to measure the ECL which uses a lifetime ECL allowance for trade receivables, unbilled receivables and contract assets.

The ECLs are assessed individually for debtors with material carrying amount, known financial difficulties or significant doubt on collection of receivables. ECLs are also estimated collectively by grouping the remaining debtors based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of customer, its geographical location and its ageing category, and applying ECLs rates to the respective gross carrying amount of the trade receivables, unbilled receivables and contract assets. The ECLs rates are determined based on payment profile of sales over a period of two years and the corresponding historical credit loss experienced within the period, forward-looking information and an assessment of both the current as well as the forecast conditions at the year end, including time value of money where appropriate. At each year end, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the payment profile of sales over a period of two years and the corresponding historical credit loss experienced within the period as well as forward-looking information at the year end. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowance to the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

### (b) Termination date of a life insurance policy

The Group entered into a life insurance policy to insure the Chairman of the Company during the year. The Group estimates the termination date of such life insurance policy is at the end of the twenty-first policy year in 2041.

This estimate is based on the assumption that such life insurance policy would only be terminated at the age of the retirement of the Chairman of the Company. The actual retirement age of the Chairman may differ from estimation. Periodic review could result in a change in the amortisation of premium charges on a life insurance policy and imputed interest income from a deposit for a life insurance policy.

### (c) Revenue recognition for provision of IT Solutions Services which are treated as one performance obligation and recognised over time

The management assessed and concluded that there are significant integration activities for IT infrastructure solutions services and IT development solutions services (collectively, the "IT Solutions Services"). These solutions provided were customised for the Group's customers and they were highly interdependent with each other. Therefore, the IT Solutions Services are treated as one performance obligation. Based on the assessment by the directors of the Company, the customer controls the asset as it is created or enhanced. Accordingly, the revenue from the IT Solutions Services is considered to be one performance obligation satisfied over time.

For the revenue from IT Solutions Services recognised over time, the Group recognised revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress was measured by the percentage of completion, with reference to the proportion that contract costs incurred for work performed to date compared to the estimated total budgeted costs. When the outcome of a service contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and no profit is recognised. The Group would consider if there is any adjustment required to the input method for uninstalled materials, to ensure that the input method meets the objective of measuring progress towards complete satisfaction of a performance obligation. Management reviewed and revised the estimates of contract revenue and contract costs for each contract as the contract progresses. Management used significant judgments and estimations to determine the progress towards complete satisfaction of the performance obligation at the reporting date.

In respect of transactions where the related consideration are concluded to be recognised as revenue over time, the Group has determined that an input method is an appropriate method to measure the Group's progress towards complete satisfaction of a performance obligation satisfied over time, which is based on contracts costs incurred for work performed to date compared to the estimated total budgeted costs.

Significant judgments are required in determining whether the IT Solutions Services should be treated as one performance obligation and the progress towards complete satisfaction of the performance obligation at the reporting date. The recognition is sensitive to changes in total budget costs. For the year ended 31 December 2025, revenue from the related IT infrastructure solutions services of approximately HK\$78,406,000 (2024: HK\$46,094,000) and IT development solutions services of approximately HK\$124,608,000 (2024: HK\$108,505,000) were recognised over time.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## **5 SEGMENT INFORMATION**

### **(a) Segment revenue and results**

The Company's executive directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company. The executive directors consider the segment from a business perspective. The Group has three (2024: three) operating segments that qualify as reporting segment under HKFRS 8 and the information that is regularly reviewed by the executive directors for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group.

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred during the year (2024: same). The Group's other income and expense items, such as other income, selling expenses, administrative and general expenses, finance costs, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, depreciation, interest income and interest expenses is presented.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 5 SEGMENT INFORMATION (CONTINUED)

### (a) Segment revenue and results (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	For the year ended 31 December 2025			
	IT solutions services			Total HK\$'000
	IT infrastructure solutions services HK\$'000	IT development solutions services HK\$'000	IT maintenance and support services HK\$'000	
Reportable segment revenue	219,697	124,608	48,780	393,085
Reportable segment cost of sales	(193,662)	(88,855)	(31,933)	(314,450)
Reportable segment gross profit	26,035	35,753	16,847	78,635
Selling expenses	(6,315)	(8,673)	(4,087)	(19,075)
Provision for expected credit loss, net	(80)	(109)	(51)	(240)
Unallocated other income				959
Unallocated employee benefits costs				(37,361)
Unallocated depreciation				(4,626)
Unallocated finance costs				(620)
Unallocated expenses				(14,389)
Profit before income tax				3,283
Income tax expense				(56)
Profit for the year				3,227

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 5 SEGMENT INFORMATION (CONTINUED)

### (a) Segment revenue and results (continued)

	For the year ended 31 December 2024				
	IT solutions services			Total HK\$'000	
	IT infrastructure solutions services HK\$'000	IT development solutions services HK\$'000	IT maintenance and support services HK\$'000		
	Reportable segment revenue	179,019	108,505		47,822
Reportable segment cost of sales	(151,094)	(84,521)	(33,226)		(268,841)
Reportable segment gross profit	27,925	23,984	14,596	66,505	
Selling expenses	(7,753)	(4,699)	(2,071)	(14,523)	
Provision for expected credit loss, net	(1,605)	(998)	(410)	(3,013)	
Unallocated other income				884	
Unallocated employee benefits costs				(40,886)	
Unallocated depreciation				(3,477)	
Unallocated finance costs				(243)	
Unallocated expenses				(12,084)	
Loss before income tax				(6,837)	
Income tax expense				(14)	
Loss for the year				(6,851)	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 5 SEGMENT INFORMATION (CONTINUED)

### (b) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

The geographical information of the Group's revenue from external customers for the years ended 31 December 2025 and 2024 is set out below.

	2025 HK\$'000	2024 HK\$'000
<b>Geographical markets:</b>		
– Hong Kong	391,484	331,065
– Macau	833	3,573
– Singapore	768	628
– The United Kingdom	–	80
	<b>393,085</b>	<b>335,346</b>

The geographical information of the Group's non-current assets other than deposits and deposit and prepayment for a life insurance for the years ended 31 December 2025 and 2024 is set out below.

	2025 HK\$'000	2024 HK\$'000
<b>Geographical markets:</b>		
– Hong Kong	10,841	2,985
– Macau	414	948
	<b>11,255</b>	<b>3,933</b>

### (c) Information about major customers

For the years ended 31 December 2025 and 2024, there was no customers which individually contributed over 10% of the Group's total revenue.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with external customers

	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>		
IT solutions services		
– IT infrastructure solution services	219,697	179,019
– IT development solution services	124,608	108,505
IT maintenance and support services	48,780	47,822
	<b>393,085</b>	335,346

	For the year ended 31 December 2025			
	IT solutions services			Total HK\$'000
	IT infrastructure solutions services HK\$'000	IT development solutions services HK\$'000	IT maintenance and support services HK\$'000	
At a point in time	141,291	–	–	141,291
Over time	78,406	124,608	48,780	251,794
	<b>219,697</b>	<b>124,608</b>	<b>48,780</b>	<b>393,085</b>

	For the year ended 31 December 2024			
	IT solutions services			Total HK\$'000
	IT infrastructure solutions services HK\$'000	IT development solutions services HK\$'000	IT maintenance and support services HK\$'000	
At a point in time	132,925	–	–	132,925
Over time	46,094	108,505	47,822	202,421
	179,019	108,505	47,822	335,346

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

### Accounting policies of revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point of time.

Details of the Group's revenue recognition policies are as follows:

- (a) Revenue from IT infrastructure solution services recognised at a point in time  
Revenue arising from contracts for IT infrastructure solutions which involves just sales of hardware and/or software are recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from these types of services is recognised when the hardware and/or software are delivered and accepted by the customers, which is a point in time when customers have the ability to direct the use of the hardware and/or software and obtain substantially all of the remaining benefits of the hardware and/or software.
- (b) Revenue from certain IT Solution Services which are treated as one performance obligation and recognised over time  
Revenue arising from these IT Solution Services, comprise of IT infrastructure solutions services and IT development solutions services, are treated as one performance obligation and recognised over time because these IT Solutions Services require the Group to carry out configuration, customisation, and integration of the hardware and software in accordance with clients' requirements and specifications, which are highly interdependent with each other and involve significant integration activities. The revenue arising from these IT Solution Services should be recognised by measuring the progress towards complete satisfaction of the performance obligation. The progress was measured by the input method, with reference to the proportion that contract costs incurred for work performed to date compared to the estimated total budgeted costs. The Group would consider if there is any adjustment required to the input method for uninstalled materials, to ensure that the input method meets the objective of measuring progress towards complete satisfaction of a performance obligation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

### Accounting policies of revenue recognition (continued)

- (b) Revenue from certain IT Solution Services which are treated as one performance obligation and recognised over time (continued)

The Group's IT Solution Services contracts include payment schedules which require stage payments over the service period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits, when the Group receives a deposit before these IT Solution Services commence, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which these IT Solution Services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which is within one year from the date of the practical completion of these IT Solution Services. The relevant amount of contract assets is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that these IT Solution Services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

- (c) Revenue from IT maintenance and support services

Revenue relating to the IT maintenance and support services is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group when the Group renders the services. The transaction price is recognised as a contract liability at the time of the initial transaction and is released on a straight-line basis over the period of service.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 7 OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	311	558
Imputed interest income from deposit for a life insurance policy	143	138
Sundry income	505	188
	<b>959</b>	884

## 8 EXPENSES BY NATURE

	2025 HK\$'000	2024 HK\$'000
Cost of hardware and software recognised as expenses	191,504	142,018
Subcontracting cost of IT services	86,775	91,343
Auditor's remuneration		
– Audit services	700	763
Entertainment expenses	2,869	2,683
Lease payments under short-term leases for office premises (Note 17(b))	9	77
Depreciation of property, plant and equipment (Note 16)	682	1,047
Depreciation of right-of-use assets (Note 17(b))	3,944	2,430
Loss on disposal of property, plant and equipment	–	6
Loss on write-off of property, plant and equipment	4	598
Legal and professional fees	621	887
Premium charges on a life insurance policy	160	160
Employee benefit costs (including directors' emoluments) (Note 9)	92,311	94,166
Insurance expenses	988	860
Computer and internet expenses	2,016	1,270
Other expenses	7,318	1,503
Total cost of sales, selling expenses and administrative and general expenses	<b>389,901</b>	339,811

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9 EMPLOYEE BENEFIT COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2025 HK\$'000	2024 HK\$'000
Wages and salaries	89,785	91,536
Employer's contribution to defined contribution plans	2,526	2,584
Long service payment obligations	–	46
	<b>92,311</b>	94,166

Compensation of key management personnel of the Group during the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Key management personnel's fee, salaries, allowance and other benefits in kind	4,888	4,473
Employer's contribution to defined contribution plans	69	69
	<b>4,957</b>	4,542

The above compensation of key management personnel includes directors' emoluments for the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9 EMPLOYEE BENEFIT COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### (a) Benefits and interest of directors

#### (i) Directors' emoluments

The remuneration of directors for each of the years ended 31 December 2025 and 2024 are set out below:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Employer's contribution to defined contribution plans HK\$'000	Total HK\$'000
<b>For the year ended 31 December 2025</b>				
<i>Executive directors</i>				
Yu Larry (Chief executive officer)	–	1,606	15	1,621
Law Cheung Moon (Senior project manager)	–	792	18	810
Leung Patrick Cheong Yu (Sales director)	–	1,427	18	1,445
<i>Independent non-executive directors</i>				
Lam Shun Ka	60	–	–	60
Li Xiaoping	–	–	–	–
Tong Tsz Kwan	60	–	–	60
	<b>120</b>	<b>3,825</b>	<b>51</b>	<b>3,996</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9 EMPLOYEE BENEFIT COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### (a) Benefits and interest of directors (continued)

#### (i) Directors' emoluments (continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Employer's contribution to defined contribution plans HK\$'000	Total HK\$'000
<b>For the year ended</b>				
<b>31 December 2024</b>				
<i>Executive directors</i>				
Yu Larry				
(Chief executive officer)	–	960	15	975
Law Cheung Moon				
(Senior project manager)	–	835	18	853
Leung Patrick Cheong Yu				
(Sales director)	–	1,586	18	1,604
<i>Independent</i>				
<i>non-executive directors</i>				
Lam Shun Ka				
	60	–	–	60
Li Xiaoping				
	12	–	–	12
Tong Tsz Kwan				
	60	–	–	60
	132	3,381	51	3,564

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9 EMPLOYEE BENEFIT COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### (a) Benefits and interest of directors (continued)

#### (i) *Directors' emoluments (continued)*

There was no arrangement under which a director has waived or agreed to waive any emolument during the year.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Group or Operating Subsidiaries and no directors waived or agreed to waive any emolument during each of the years ended 31 December 2025 and 2024.

#### (ii) *Directors' retirement and termination benefits*

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Group or its subsidiaries undertaking during the year ended 31 December 2025 (2024: Nil).

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 December 2025 (2024: Nil).

#### (iii) *Consideration provided to third parties for making available directors' services*

No payment was made to any former employers of the directors for making available the services of them as a director of the Group during the year ended 31 December 2025 (2024: Nil).

#### (iv) *Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors*

There were no loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2025 (2024: Nil).

#### (v) *Directors' material interests in transactions, arrangements or contracts*

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025 (2024: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9 EMPLOYEE BENEFIT COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group does not include any directors, whose emoluments were reflected in the analysis presented in Note 9(a) during the year ended 31 December 2025 (2024: Nil). The emoluments paid/payable to the remaining include four individuals (2024: four) are as follows:

	2025 HK\$'000	2024 HK\$'000
Wages and salaries	7,088	5,981
Employer's contribution to defined contribution plans	72	72
	<b>7,160</b>	<b>6,053</b>

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument band		
HK\$1,000,001 to HK\$1,500,000	3	3
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	1	1
	<b>4</b>	<b>4</b>

During the year ended 31 December 2025, no emoluments have been paid by the Group to the directors or the four highest paid individuals mentioned above as an inducement to join or upon joining the Group, or as compensation for loss of office (2024: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9 EMPLOYEE BENEFIT COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### (b) Five highest paid individuals (continued)

#### **Accounting policies of employee benefits**

##### (i) *Retirement benefit costs*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed to the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the MPF Scheme.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In addition, pursuant to the government regulations in the PRC, the Group is required to contribute an amount to certain retirement benefit schemes based on certain percentage of the wages for the year of those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the consolidated statement of profit or loss as incurred.

For the year ended 31 December 2025, there was no forfeiture of retirement benefits schemes contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group. As at 31 December 2025, no forfeited contribution under the retirement benefits schemes of the Group is available to reduce the contribution payable in future years.

##### (ii) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the consolidated statement of financial position date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 10 SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed in the Company's special general meeting held on 24 June 2018, the Company approved and adopted a share option scheme (the "Share Option Scheme") which will remain in force for a period of 10 years from the date of its adoption.

A total of 80,000,000 share options were granted under the Share Option Scheme on 16 August 2021 and 20 August 2021.

During the years ended 31 December 2025 and 2024, no share options were granted to certain directors, the company secretary of the Company and certain employees of the Group.

The table below discloses movement of share options granted under the Share Option Scheme:

	<b>Number of share options</b>
Outstanding as at 1 January 2024, 31 December 2024 and 1 January 2025	68,427,536
Lapsed	(42,167,826)
<b>Outstanding as at 31 December 2025</b>	<b>26,259,710</b>

The closing prices of the Company's shares immediately before 16 August 2021 and 20 August 2021, the dates of grant, were HK\$0.150 and HK\$0.142 respectively.

The fair values of the options determined at the dates of grant of 16 August 2021 and 20 August 2021 using the Binomial model were approximately HK\$2,572,000 and HK\$1,476,000 respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 10 SHARE OPTION SCHEME (CONTINUED)

The following assumptions were used to calculate the fair values of share options:

	Share options granted on 16 August 2021	Share options granted on 20 August 2021
Grant date share price	HK\$0.150	HK\$0.142
Exercise price	HK\$0.152	HK\$0.154
Expected life	10 years	10 years
Expected volatility	61.14%	61.14%
Dividend yield	0.00%	0.00%
Risk-free interest rate	0.981%	0.942%

The Binomial model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the valuer's best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The share option was vested immediately at the date of grant and is exercisable at any time up to the expiring dates, i.e. 15 August 2031 and 19 August 2031.

No share options were exercised during the years ended 31 December 2025 and 2024.

## 11 FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expense on lease liabilities ( <i>Note 17(b)</i> )	522	169
Interest expense on bank borrowings	98	74
	<b>620</b>	243

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 12 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the two-tiered rate of 8.25% for the first HK\$2,000,000 of the estimated assessable profit of the qualifying group entity and 16.5% on the remaining estimated assessable profit of the Group for the years ended 31 December 2025 and 2024. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has sufficient tax loss carried forward to off-set assessable profit for the year ended 31 December 2025 (2024: same).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands (2024: Nil).

No Macau corporate income tax was made as the Macau subsidiaries as they have been either loss-making or the amount is immaterial (2024: Nil).

No PRC Corporate Income Tax provision was made as the PRC subsidiary has sustained a loss for taxation purpose for the year ended 31 December 2025 (2024: Nil).

The amount of income tax expense charged to the consolidated income statement represents:

	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Hong Kong Profits Tax		
– Under-provision in prior years	–	43
	–	43
Deferred income tax ( <i>Note 23</i> )	<b>56</b>	(29)
	<b>56</b>	14

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 12 INCOME TAX EXPENSE (CONTINUED)

Reconciliation between income tax expense and accounting profit/(loss) at applicable tax rates is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) before income tax	3,283	(6,837)
Calculated at the a tax rate of 16.5% (2024: 16.5%)	542	(1,128)
Tax effect of different tax rate in other jurisdictions	(91)	(61)
Income not subject to tax	(138)	(257)
Expense not deductible	552	1,230
Others	–	(121)
Tax losses not recognised	177	824
Utilisation of tax loss previously not recognised	(986)	(516)
Under-provision in prior years	–	43
	56	14

At 31 December 2025, the Group has unused tax losses of approximately HK\$58,649,000 (2024: HK\$63,573,000) available for offset against future profits. Tax losses of HK\$36,420,000 (2024: HK\$36,376,000) will expire from 2026 to 2030 (2024: 2026 to 2029) and HK\$22,229,000 (2024: HK\$27,197,000) can be carried forward indefinitely under current tax legislation. No deferred income tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

### Accounting policies of current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (i) Current income tax

Current income tax for current and prior periods is recognised at the amount expected be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the consolidated statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 12 INCOME TAX EXPENSE (CONTINUED)

### Accounting policies of current and deferred income tax (continued)

#### **(ii) Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the financial year period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **(iii) Investment allowances and similar tax incentives**

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The group accounts for such allowances as tax credits, which means that the allowance reduces current income tax payable, current income tax expense and deferred income tax assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 13 EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year in ordinary shares issued during the years.

	2025	2024
Profit/(loss) attributable to the owners of the Company (HK\$'000)	2,506	(4,701)
Weighted average number of ordinary shares in issue (thousands)	1,445,900	1,445,900
Basic earnings/(loss) per share (HK cents)	0.17	(0.33)

### (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all potentially dilutive ordinary shares. The Company has potentially dilutive ordinary shares of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the years ended 31 December 2025 and 2024, diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as the exercise of potential ordinary shares in relation to the outstanding share options would have anti-dilutive effects to the basic earnings/(loss) per share.

## 14 DIVIDENDS

The directors have resolved not to declare any dividend for the year ended 31 December 2025 (2024: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 15 SUBSIDIARIES

### (a) Particulars of the principal subsidiaries

Details of the principal subsidiaries of the Group as at 31 December 2025 and 2024 are as follows. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiaries	Place of incorporation/kind of legal entity	Nominal value of issued shares/registered share capital	Equity interest attributable to the Group		Principal activities/place of operation
			2025	2024	
<b>Directly held by the Company:</b>					
Kinetix Limited	BVI/Limited liability company	US\$2	100%	100%	Investment holding/Hong Kong
<b>Indirectly held by the Company:</b>					
Kinetix Systems Limited	Hong Kong/Limited liability company	Issued and paid up: HK\$10,000	100%	100%	IT solutions and IT maintenance and supporting services/Hong Kong
Rise Talent Limited	Hong Kong/Limited liability company	Issued and paid up: HK\$10,000	100%	100%	Human resources services/Hong Kong
Kinetix Information Systems (Macao) Limited	Macau/Limited liability company	Issued and paid up: MOP100,000	51%	51%	IT infrastructure solutions and IT maintenance and support services/Macau
D&C Consulting Company Ltd.	Macau/Limited liability company	Issued and paid up: MOP30,000	51%	51%	IT solutions and IT maintenance and supporting services/Macau
VizionX Limited	Hong Kong/Limited liability company	Issued and paid up: HK\$100	51%	51%	IT solutions and IT maintenance and supporting services/Hong Kong
Digital Plus Asia Limited	Hong Kong/Limited liability company	Issued and paid up: HK\$100	51%	51%	IT solutions and entertainment products/Hong Kong
Kisoforce Limited	Hong Kong/Limited liability company	Issued and paid up: HK\$100	51%	51%	IT solutions and IT maintenance and supporting services/Hong Kong
Vizoforce Limited	Hong Kong/Limited liability company	Issued and paid up: HK\$100	70%	70%	IT solutions and IT maintenance and supporting services/Hong Kong
Shanghai Kinetix New Energy Automobile Company Limited	The People's Republic of China (The "PRC")/ Limited liability company	Registered: US\$5,000,000 Issued and paid up: Nil (Note)	100%	100%	Inactive/The PRC
E-Tech Limited	Hong Kong/Limited liability company	Issued and paid up: HK\$1	100%	100%	Investment holding/Hong Kong
Falcon Tech Limited	BVI/Limited liability company	Issued and paid up: US\$100	100%	100%	Investment holding/Hong Kong
Kinetix Systems (Singapore) Pte. Ltd.	Singapore/Limited liability company	Issued and paid up: SGD\$10,000	100%	100%	IT solutions and IT maintenance and support services/Singapore

Note: The Company is committed to pay the share capital of Shanghai Kinetix New Energy Automobile Company Limited of US\$5,000,000 by 8 February 2041.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 15 SUBSIDIARIES (CONTINUED)

### (b) Material non-wholly owned subsidiaries

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ registration and operations	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) attributable to non-controlling interests		Other comprehensive income attributable to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024	2025	2024
		%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
D&C Consulting Company Ltd.	Macau	49%	49%	975	(1,415)	-	-	3,153	2,178
VizionX Limited	Hong Kong	49%	49%	(2)	(4)	-	-	(670)	(668)
Digital Plus Asia Limited	Hong Kong	49%	49%	(202)	(180)	-	-	(8,080)	(7,878)
Kisoforce Limited	Hong Kong	49%	49%	(50)	(468)	-	-	(3,615)	(3,565)
Vizoforce Limited	Hong Kong	30%	30%	-	(83)	-	-	(923)	(923)
				721	(2,150)	-	-	(10,135)	(10,856)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 15 SUBSIDIARIES (CONTINUED)

### (b) Material non-wholly owned subsidiaries (continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	D&C Consulting Company Ltd.		VizionX Limited		Digital Plus Asia Limited		Kisoforce Limited		Vizoforce Limited	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Non-current assets	414	947	-	-	10	59	-	-	-	-
Current assets	12,313	8,355	-	105	1,596	1,009	923	924	-	11
Current liabilities	(6,291)	(4,573)	(1,367)	(1,468)	(18,097)	(17,146)	(8,300)	(8,199)	(3,073)	(3,083)
Non-current liabilities	-	(282)	-	-	-	-	-	-	-	-
Net assets/(liabilities)	6,436	4,447	(1,367)	(1,363)	(16,491)	(16,078)	(7,377)	(7,275)	(3,073)	(3,072)
Revenue	26,445	15,638	-	-	502	362	-	-	-	637
Other income	8	18	-	1	2	28	-	3	-	-
Expenses	(24,464)	(18,474)	(4)	(10)	(917)	(770)	(102)	(958)	(1)	(912)
Income tax (expenses)/ credit	-	(68)	-	-	-	13	-	-	-	-
Profit/(loss) for the year	1,989	(2,886)	(4)	(9)	(413)	(367)	(102)	(955)	(1)	(275)
Total comprehensive income/(loss) for the year	1,989	(2,886)	(4)	(9)	(413)	(367)	(102)	(955)	(1)	(275)
Net cash inflow/ (outflow) from operating activities	5,881	437	(104)	(8)	105	(296)	-	3	(1)	(25)
Net cash outflow from investing activities	(68)	(119)	-	-	(4)	-	-	-	-	-
Net cash outflow from financing activities	(1,144)	(528)	-	-	-	-	-	-	-	-
Net cash inflow/(outflow)	4,669	(210)	(104)	(8)	101	(296)	-	3	(1)	(25)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Equipment HK\$'000	Motor Vehicles HK\$'000	Total HK\$'000
<b>Year ended 31 December 2024</b>					
Opening net book amount	105	318	953	967	2,343
Additions	–	9	545	–	554
Disposals					
– Cost	–	(14)	–	–	(14)
– Accumulated depreciation	–	7	–	–	7
Written off					
– Cost	(5,533)	(414)	(250)	(432)	(6,629)
– Accumulated depreciation	5,533	276	160	62	6,031
Depreciation	(83)	(106)	(760)	(98)	(1,047)
Exchange realignment	–	(3)	(2)	(6)	(11)
Closing net book amount	22	73	646	493	1,234
<b>At 31 December 2024</b>					
Cost	255	212	7,132	560	8,159
Accumulated depreciation	(233)	(139)	(6,486)	(67)	(6,925)
Net book amount	22	73	646	493	1,234

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Equipment HK\$'000	Motor Vehicles HK\$'000	Total HK\$'000
<b>Year ended 31 December 2025</b>					
Opening net book amount	22	73	646	493	1,234
Additions	357	27	717	-	1,101
Written off					
- Cost	(125)	-	-	-	(125)
- Accumulated depreciation	121	-	-	-	121
Depreciation	(75)	(32)	(518)	(57)	(682)
Closing net book amount	300	68	845	436	1,649
<b>At 31 December 2025</b>					
Cost	6,113	597	8,096	1,014	15,820
Accumulated depreciation	(5,813)	(529)	(7,251)	(578)	(14,171)
Net book amount	300	68	845	436	1,649

Depreciation expense of approximately HK\$682,000 (2024: HK\$1,047,000) has been charged in administrative and general expenses.

### Accounting policies of property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	over the shorter of remaining lease term or 20% – 25% per annum
Furniture and fixtures	20% – 25% per annum
Equipment	20% – 30% per annum
Motor vehicles	10% per annum

See note 32.6 for other accounting policies relevant to property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group is a lessee.

### (a) Amounts recognised in the consolidated statement of financial position

	2025 HK\$'000	2024 HK\$'000
<b>Right-of-use assets</b>		
Leased properties	9,606	2,699
<b>Lease liabilities</b>		
Current	4,368	2,152
Non-current	6,036	1,061
	<b>10,404</b>	<b>3,213</b>

Additions to the right-of-use assets and lease liabilities during the year ended 31 December 2025 were approximately HK\$10,851,000 (2024: HK\$2,529,000).

### (b) Amounts recognised in the consolidated income statement

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets:		
– Leased properties	3,944	2,430
Interest expenses (included in finance cost) (Note 11)	522	169
Expenses relating to short-term leases (included in administrative and general expenses) (Note 8)	9	77

The total cash outflow for leases during the year was approximately HK\$4,191,000 (2024: HK\$2,959,000).

### (c) The Group's leasing activities and how these are accounted for

The Group leases offices in Hong Kong and Macau (2024: Hong Kong and Macau). Rental contracts for offices are typically made for fixed periods of 2 to 3 years (2024: 2 to 3 years) but may have extension options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

### (d) Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## **17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**

### **Accounting policies of leases**

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and makes any adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of premises and all leases of low-valued assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

See note 32.21 for the other accounting policies relevant leases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
<i>Financial assets at amortised cost</i>		
– Trade and other receivables	102,413	50,360
– Deposits for a life insurance	4,353	4,212
– Amount due from the immediate holding company	1,067	555
– Amounts due from non-controlling shareholders	190	250
– Cash and cash equivalents	51,208	31,188
	<b>159,231</b>	86,565
<b>Financial liabilities</b>		
<i>Financial liabilities at amortised cost</i>		
– Trade and other payables	91,088	94,526
– Bank borrowings	–	262
– Amounts due to non-controlling shareholders	3,698	3,698
– Lease liabilities	10,404	3,213
	<b>105,190</b>	101,699

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19 TRADE AND OTHER RECEIVABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Trade receivables	(a)	76,282	55,757
Less: provision for loss allowance		(13,676)	(15,459)
		<b>62,606</b>	40,298
Unbilled receivables	(b)	35,473	7,019
Less: provision for loss allowance		(70)	(5)
		<b>35,403</b>	7,014
Deposits		2,154	872
Prepayments		21,561	21,192
Prepayments for a life insurance (Note 20)		160	160
Others		2,250	2,176
		<b>124,134</b>	71,712
Less: non-current portion of deposits		(1,575)	(757)
Current portion of trade and other receivables		<b>122,559</b>	70,955

The carrying amounts of the Group's trade and other receivables are denominated in HK\$, US\$ and RMB.

The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

### (a) Trade receivables

The Group normally grants credit terms to its customers ranging from 30 to 45 days. The following is an aged analysis of trade receivables presented based on invoice date, net of allowance for trade receivables:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	33,377	26,084
31 to 90 days	16,493	11,598
91 to 180 days	4,242	410
Over 180 days	8,494	2,206
	<b>62,606</b>	40,298

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19 TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables (continued)

The following is an aged analysis of trade receivables presented based on due date, net of allowance for trade receivables.

	2025 HK\$'000	2024 HK\$'000
Not yet past due nor impaired	41,278	30,087
1 to 30 days	7,076	8,146
31 to 90 days	6,143	1,560
91 to 180 days	7,146	261
Over 180 days	963	244
	<b>62,606</b>	40,298

The movement in provision for loss allowance on trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of the year	15,459	14,575
Provision for ECLs	203	3,485
Written off	(1,986)	(2,601)
At end of the year	<b>13,676</b>	15,459

### (b) Unbilled receivables

The unbilled receivables were mainly attributable to fully completed IT solutions services and maintenance and support services which will be billed within the next twelve months from the end of the reporting period in accordance with the payment terms stipulated in the relevant contracts, quotation, purchase orders and service agreements entered into between the Group and the customers. For these completed services, the revenue has been fully recognised. Since the Group has unconditional right to consideration but only the passage of time is required before payment of that consideration is due, the Group classified these as unbilled receivables.

The movement in provision for loss allowance on unbilled receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of the year	5	126
Provision for/(reversal of) ECLs	65	(121)
At end of the year	<b>70</b>	5

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 20 DEPOSITS AND PREPAYMENTS FOR A LIFE INSURANCE

	2025 HK\$'000	2024 HK\$'000
Deposit for a life insurance	4,353	4,212
Prepayment for a life insurance	2,422	2,580
	<b>6,775</b>	6,792
Less: current portion of prepayment for a life insurance (Note 19)	<b>(160)</b>	(160)
Non-current portion of deposit and prepayment for a life insurance	<b>6,615</b>	6,632

In March 2020, the Group entered into a life insurance policy (the "Policy") to insure the Chairman of the Company. Under the Policy, the beneficiary and policy holder is the Group and the total insured sum is approximately US\$3,500,000 (equivalent to approximately HK\$27,300,000). At the inception of the Policy, the Group paid an upfront gross premium of approximately US\$889,000 (equivalent to approximately HK\$6,935,000). The insurer will pay the Group a variable return per annum afterwards (with guaranteed minimum interest rate of 2.30% per annum) during the effective period of the Policy. The Group can terminate the Policy at any time and can receive cash back at the date of termination based on the account value of the Policy (the "Account Value"), which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the Policy. If termination is made between the first policy year to the end of surrender period stated in the Policy, there is a specified amount of surrender charge deducted from the Account Value.

At the date of initial recognition, the directors of the Company expected that the Policy would be terminated at the end of the twenty-first policy year in 2041, and accordingly, there would be free of surrender charge in accordance with the Policy. The estimated Account Value at the end of the twenty-first policy year is approximately US\$926,000 (equivalent to approximately HK\$7,223,000).

The Policy provides the Group with coverage for significant insurance risk. The gross premium paid at inception of the Policy consists of a deposit placed element and a prepayment for life insurance element. These two elements are recognised on the consolidated statement of financial position at the aggregate of the amount of gross premium paid plus interest earned, and after deducting the annual cost of insurance and other applicable charges.

The directors of the Company consider that the expected life of the Policy remains unchanged from the date of initial recognition and the financial impact of the option to terminate the Policy was not significant.

The effective interest rate of the deposit is 3.32% per annum (2024: 3.32%).

As at 31 December 2025, deposit and prepayment for the life insurance amount to approximately US\$869,000 (equivalent to approximately HK\$6,775,000) (2024: US\$871,000 (equivalent to approximately HK\$6,792,000)) in aggregate, of which HK\$6,615,000 (2024: HK\$6,632,000) and HK\$160,000 (2024: HK\$160,000) are classified as non-current assets and current assets respectively.

The Policy is used to secure a banking facility agreement of the Group as detailed in Note 27.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21 CONTRACT ASSETS/(LIABILITIES)

	2025 HK\$'000	2024 HK\$'000
Contract assets arising from:		
IT solutions services		
– IT infrastructure solutions services	4,280	1,170
– IT development solutions services	58,673	67,446
IT maintenance and support services	2,325	–
	<b>65,278</b>	68,616
Less: provision for loss allowance	<b>(133)</b>	(161)
	<b>65,145</b>	68,455

The contract assets primarily relate to the Group's right to consideration for work completed and not billed.

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

- IT solutions services contracts

The Group's IT solutions services contracts include payment schedules which require stage payments over the IT solution services period once certain specified milestones are reached. The contract assets are transferred to trade receivables or unbilled receivables when specified milestones of IT solutions services are reached.

The Group also typically agrees to a retention period for a specified percentage of the contract value agreed by the customers. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the IT solutions services performed comply with agreed-upon specifications. The Group typically reclassified contract assets to trade receivables when the defect liability period expires.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

The decrease in contract assets is resulted from the decrease in the number of ongoing IT solutions services projects during the year.

The Group classifies these contract assets as current according to the Group's normal operating cycle.

The movement in provision for loss allowance on contract assets are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of the year	161	512
Reversal of ECLs	(28)	(351)
At end of the year	133	161

	2025 HK\$'000	2024 HK\$'000
Contract liabilities arising from:		
IT solutions services		
– IT infrastructure solutions services	(61,509)	(3,028)
– IT development solutions services	(8,892)	(4,155)
IT maintenance and support services	(11,782)	(4,881)
	(82,183)	(12,064)

The increase in contract liabilities is resulted from more deposits received from customers ahead of the IT solution services performed/recognised during the year.

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

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

- IT solutions services and IT maintenance and support services contracts

When the Group receives a deposit before the IT solutions services or IT maintenance and support services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

### Revenue recognised in relation to contract liabilities

Revenue from provision for IT solutions services and IT maintenance and support services of approximately HK\$11,554,000 (2024: HK\$8,752,000) was recognised in the current reporting period from performance obligations satisfied related to brought forward contract liabilities.

### Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 December 2025, HK\$180,510,000 (2024: HK\$251,036,000) is the aggregated amount of the transaction price allocated to the remaining performance obligations that are unsatisfied as of the end of the reporting period, based on the contracts entered into with customers. The Group will recognise the expected revenue in future when or as a performance obligation is satisfied, which is expected to occur over the next 12 to 48 months (2024: 12 to 48 months). For contracts for IT maintenance and support services, since they are expected to occur within 12 months, the transaction price of allocated to these unsatisfied contracts is not disclosed as permitted under HKFRS 15.

## 22 CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash at banks	51,207	31,186
Cash on hand	1	2
	<b>51,208</b>	31,188

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	39,817	24,606
US\$	10,993	6,548
EUR	5	4
MOP	127	16
RMB	13	14
SGD	253	–
	<b>51,208</b>	31,188

As at 31 December 2025, the cash and cash equivalents of the Group amounted to approximately HK\$10,000 (2024: approximately HK\$11,000), were deposited in bank accounts opened with banks in the PRC where the remittance of funds is subject to foreign exchange control.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 23 DEFERRED INCOME TAX LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Deferred income tax liabilities:		
– To be settled after one year	73	17

The movements in deferred income tax liabilities in respect of accelerated depreciation during the year are as follows:

	Accelerated depreciation HK\$'000
At 1 January 2024	(46)
Credited to the consolidated income statement ( <i>Note 12</i> )	29
<b>At 31 December 2024 and 1 January 2025</b>	<b>(17)</b>
<b>Credited to the consolidated income statement (<i>Note 12</i>)</b>	<b>(56)</b>
<b>At 31 December 2025</b>	<b>(73)</b>

## 24 SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised:		
10,000,000,000 shares at HK\$0.01 each	100,000	100,000
	2025 HK\$'000	2024 HK\$'000
Issued and fully paid:		
1,445,900,000 shares at HK\$0.01 each	14,459	14,459

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 25 TRADE AND OTHER PAYABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Trade payables	(a)	17,518	33,407
Accrued purchases and services costs	(b)	64,682	53,482
Amounts due to directors of subsidiaries		767	7,156
Other payables and accruals		12,635	4,900
		<b>95,602</b>	98,945

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

### (a) Trade payables

Trade payables principally comprise amounts outstanding for purchases and service costs and have an average credit term of 30 days (2024: 30 days).

The ageing analysis of the trade payables based on invoice date was as follows:

	2025 HK\$'000	2024 HK\$'000
1 to 30 days	11,359	22,682
31 to 90 days	3,384	9,750
Over 90 days	2,775	975
	<b>17,518</b>	33,407

### (b) Accrued purchases and service costs

The accrued purchases and service costs were mainly attributable to services carried out by subcontractors/goods provided by suppliers which will be billed within the next twelve months from the end of the reporting dates in accordance with the payment terms stipulated in the relevant contracts, quotation, purchase orders and service agreements entered into between the Group and the suppliers or subcontractors.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## **26 LONG SERVICE PAYMENT OBLIGATIONS**

The Group made provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance.

Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment (“LSP”) is to be offset with the accrued benefits derived from the Group’s contributions made to MPF Scheme for the employees and subject to a cap of HK\$390,000 per employee. In June 2022, the Government of HKSAR gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“the Guidance”) that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the Guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP; however, upon the enactment of the Amendment Ordinance in June 2022, entities can no longer apply the practical expedient in paragraph 93(b) of HKAS 19 to recognise such deemed contributions as reduction of current service cost in the period the related service is rendered instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively.

The most recent actuarial valuations of the present value of the long service payment were carried out as at 31 December 2025 by an independent qualified valuer. The present value of the long service payment, and the related service cost, were measured by projected unit credit method. The weighted average duration of the long service payment obligation is 26 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26 LONG SERVICE PAYMENT OBLIGATIONS (CONTINUED)

- (a) Movements in the liability recognised in the consolidated statement of financial position are as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	46	–
Expenses recognised in consolidated income statement	–	46
As at 31 December	46	46

- (b) Expenses recognised in consolidated income statement are as follows:

	2025 HK\$'000	2024 HK\$'000
Past service cost	–	34
Current service cost	–	11
Interest cost	–	1
	–	46

- (c) The principal assumptions used as at 31 December 2025 and 2024 are as follows:

	2025	2024
Discount rate	3.0%	4.1%
Future salary increment rate	4.0%	3.3% to 4.1%
Turnover rate	30.5%	29.7%

In the opinions of the directors of the Company, the expected change in the principal assumptions will not have significant impact on the long service payment obligations for the years ended 31 December 2025 and 2024. Hence, no sensitivity analysis is presented.

### Accounting policies of long service payment

Under the Hong Kong Employment Ordinance, the Group is required to make long service payments to its employees upon the termination of their employment or retirement on ground of old age when the employee fulfils certain conditions and the termination meets the required circumstances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26 LONG SERVICE PAYMENT OBLIGATIONS (CONTINUED)

### Accounting policies of long service payment (continued)

The Group makes its estimates of its obligations to make long service payments to its employees in the event of termination of their employment or retirement. The Group's obligations to make such long service payments are recognised in the consolidated income statement as long service payment liabilities at the present value (where the effect of discounting is material) of the long service payment obligations, which are estimated after deducting the entitlements accrued under the Group's defined contribution retirement scheme that are attributable to contributions made by the Group. Service cost, net interest on the long service payment liabilities (where discounting to present value is adopted because the effect of discounting is material) and remeasurements of the long service payment liabilities are recognised in consolidated income statement.

## 27 BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured:		
– Bank loans	–	262

As at 31 December 2024, the Group's interest-bearing bank borrowings were secured by way of the following:

- The deed of assignment over life insurance policy purchased for the Chairman of the Company with carrying amount of approximately HK\$6,775,000; and
- The Company had guaranteed HK\$31,000,000 plus interest and other charges relating to the liabilities of the Group.

The bank borrowings were granted under a facilities line where the interest rate is 1.5% per annum over the London Interbank Offered Rate ("LIBOR") as at 31 December 2024. The bank borrowings had an effective interest rate of 3.44% during the year ended 31 December 2024.

All the bank loan agreements contain a "repayment on demand" clause and therefore, the outstanding balance had been classified as current liabilities.

Details of the repayment schedule in respect of the interest-bearing bank borrowings are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	–	262

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Cash generated from/(used in) operations

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Profit/(loss) before income tax		<b>3,283</b>	(6,837)
Adjustments for:			
Depreciation of property, plant, and equipment	8	<b>682</b>	1,047
Depreciation of right-of-use assets	8	<b>3,944</b>	2,430
Loss on disposal of property, plant and equipment	8	–	6
Loss on write-off of property, plant and equipment	8	<b>4</b>	598
Premium charges on a life insurance policy	8	<b>160</b>	160
Bank interest income	7	<b>(311)</b>	(558)
Finance costs	11	<b>620</b>	243
Provision for expected credit losses, net		<b>240</b>	3,013
Imputed interest income from a deposit for a life insurance policy	7	<b>(143)</b>	(138)
Provision for long service payment obligations	26	–	46
		<b>8,479</b>	10
Changes in working capital:			
Inventories		–	3,374
Trade and other receivables		<b>(52,690)</b>	29,092
Contract assets		<b>3,338</b>	(16,532)
Trade and other payables		<b>(3,343)</b>	(12,148)
Contract liabilities		<b>70,119</b>	1,415
Cash generated from operations		<b>25,903</b>	5,211

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (b) Net debt reconciliation

The section sets out the movements in liabilities arising from financing activities for each of the years presented.

	<b>Bank borrowings</b>	<b>Lease liabilities</b>
	HK\$'000	HK\$'000
<b>As at 1 January 2024</b>	1,375	3,397
Addition in lease liabilities	–	2,529
Repayment of bank borrowings	(1,113)	–
Interest paid	(74)	–
Repayment of lease liabilities		
– Principal portion	–	(2,713)
– Interest portion	–	(169)
Interest expenses ( <i>Note 11</i> )	74	169
<b>As at 31 December 2024 and 1 January 2025</b>	<b>262</b>	<b>3,213</b>
Addition in lease liabilities	–	10,851
Repayment of bank borrowings	(262)	–
Interest paid	(98)	–
Repayment of lease liabilities		
– Principal portion	–	(3,660)
– Interest portion	–	(522)
Interest expenses ( <i>Note 11</i> )	98	522
<b>As at 31 December 2025</b>	<b>–</b>	<b>10,404</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 29 RELATED PARTY TRANSACTIONS

### (a) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control. The ultimate controlling shareholder of the Group is Yu Larry, who is also the Executive Director and Chairman of the Company.

Other than disclosed elsewhere in the consolidation financial statements, the directors of the Company are of the view that the following parties/companies were related parties with no significant transactions or balances with the Group during the years ended 31 December 2025 and 2024:

Name of related parties	Relationship with the Group
Vigorous King Limited	Immediate holding company of the Company
Chan Siu Kee	Non-controlling shareholder of subsidiaries
Achiever Technology Limited	Non-controlling shareholder of subsidiaries
Grand Top Technology Limited	Non-controlling shareholder of subsidiaries

### (b) Outstanding balance with related parties

Amounts due from/(to) the immediate holding company and non-controlling shareholders are non-trade in nature, unsecured, interest-free and are repayable on demand.

The amounts due from the immediate holding company and non-controlling shareholders have not past due. Details of the credit risk and the expected credit loss are set out in Note 3.1(b).

### (c) Key management compensation

The executive directors of the Group are regarded as key management. Details of the key management compensation are disclosed in Note 9 to the consolidated financial statements.

## 30 CONTINGENT LIABILITIES

### Contingent liabilities in respect of a legal claim

In April 2022, Kinetix System Limited (“Kinetix”), a wholly owned subsidiary of the Company entered into an agreement with a subcontractor (the “Plaintiff”) to provide services for an IT infrastructure solution services project. In November 2023, Kinetix requested to stop the subcontracting service of the Plaintiff due to the substandard service provided by the Plaintiff. In September 2024, a claim was lodged to the district court against Kinetix for the breach of clauses in the agreement by the Plaintiff of the amount HK\$825,000. In 2025, the Plaintiff has filed as summons for extension of time to serve the units with no further progress, management considers the claim cannot be estimated reliably and hence no provision was made as at 31 December 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

### Statement of financial position of the Company

<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in a subsidiary	<b>16,310</b>	16,310
Amounts due from subsidiaries	<b>28,208</b>	28,617
	<b>44,518</b>	44,927
<b>Current assets</b>		
Amount due from the immediate holding company	—*	—*
Amounts due from subsidiaries	<b>1,000</b>	1,069
Prepayments	<b>114</b>	250
Cash and cash equivalents	<b>136</b>	94
	<b>1,250</b>	1,413
<b>Total assets</b>	<b>45,768</b>	46,340
<b>EQUITY</b>		
Share capital	<b>14,459</b>	14,459
Reserves	<b>31,167</b>	31,693
<b>Total equity</b>	<b>45,626</b>	46,152
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables and accruals	<b>97</b>	143
Amounts due to subsidiaries	<b>45</b>	45
<b>Total liabilities</b>	<b>142</b>	188
<b>Total equity and liabilities</b>	<b>45,768</b>	46,340

\* Less than HK\$1,000

The statement of financial position of the Company was approved by the Board of Directors on 30 March 2026 and was signed on its behalf.

**Yu Larry**  
Director

**Law Cheung Moon**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

### (a) Share capital and reserve movement of the Company

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2024	14,459	115,948	36,763	3,364	(123,318)	47,216
Loss and total comprehensive loss for the year	-	-	-	-	(1,064)	(1,064)
<b>As at 31 December 2024 and 1 January 2025</b>	<b>14,459</b>	<b>115,948</b>	<b>36,763</b>	<b>3,364</b>	<b>(124,382)</b>	<b>46,152</b>
Loss and total comprehensive loss for the year	-	-	-	-	(526)	(526)
<b>As at 31 December 2025</b>	<b>14,459</b>	<b>115,948</b>	<b>36,763</b>	<b>3,364</b>	<b>(124,908)</b>	<b>45,626</b>

## 32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

### 32.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 32.2 Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interests in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration payable is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 32.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements of the Company. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

### 32.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, who makes strategic decisions.

### 32.5 Foreign currency translation

#### (i) *Functional and presentation currency*

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

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other income and gains".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 32.5 Foreign currency translation (continued)

#### (iii) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

### 32.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other income and gains" in the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 32.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 32.8 Impairment of non-financial assets

Assets that have an indefinite useful life or assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 32.9 Financial assets

#### (a) *Classification*

The Group classifies its financial assets to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 32.9 Financial assets (continued)

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

The Group assesses on a forward looking basis the ECLs associated with its financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, unbilled receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### 32.10 Offsetting financial instruments

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

### 32.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

### 32.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

### 32.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## **32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **32.14 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### **32.15 Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### **32.16 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## **32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **32.17 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

### **32.18 Interest income**

Interest income is recognised using the effective interest method, on a time-proportion basis.

### **32.19 Share-based payments**

The Company adopted a share option scheme to directors, company secretary, employees. The fair value of the options granted is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 32.20 Earnings per share

#### (i) **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### (ii) **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 32.21 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

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

# FINANCIAL SUMMARY

## RESULTS

	For the year ended 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Revenue	254,121	294,656	309,075	335,346	<b>393,085</b>
(Loss)/profit before tax	(22,100)	(69,822)	(17,337)	(6,837)	<b>3,283</b>
Income tax	656	(84)	66	(14)	<b>(56)</b>
(Loss)/profit for the year	(21,444)	(69,906)	(17,271)	(6,851)	<b>3,227</b>
Attributable to:					
Owners of the Company	(20,344)	(67,058)	(14,088)	(4,701)	<b>2,506</b>
Non-controlling interests	(1,100)	(2,848)	(3,183)	(2,150)	<b>721</b>
	(21,444)	(69,906)	(17,271)	(6,851)	<b>3,227</b>

## ASSETS AND LIABILITIES

	For the year ended 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Total assets	241,703	199,853	201,616	182,726	<b>259,614</b>
Total liabilities	(112,100)	(140,183)	(130,225)	(118,245)	<b>(192,006)</b>
	129,603	59,670	71,391	64,481	<b>67,608</b>
Equity attributable to owners					
of the Company	131,919	64,834	79,738	74,978	<b>77,384</b>
Non-controlling interests	(2,316)	(5,164)	(8,347)	(10,497)	<b>(9,776)</b>
	129,603	59,670	71,391	64,481	<b>67,608</b>