

Data Union Capital International Holdings Group Limited
數盟資本國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8375

2025
ANNUAL REPORT

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

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

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

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

CONTENTS

Corporate Information	3
Chairman's Statement	4
Management Discussion and Analysis	6
Biographical Details of Directors and Senior Management	10
Corporate Governance Report	13
Report of the Directors	31
Environmental, Social and Governance Report	41
Independent Auditor's Report	77
Consolidated Statement of Profit or Loss and Other Comprehensive Income	84
Consolidated Statement of Financial Position	85
Consolidated Statement of Changes in Equity	87
Consolidated Statement of Cash Flows	88
Notes to the Consolidated Financial Statements	90
Five-year Financial Summary	148

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Mai Junhui (*Chairman and Chief Executive Officer*)
Mr. Zhong Chuanyong

Independent Non-executive Directors

Mr. Deng Kaihong
Mr. Wu Yuantao
Ms. Li Weiwei

BOARD COMMITTEES

Audit Committee

Ms. Li Weiwei (*Chairlady*)
Mr. Deng Kaihong
Mr. Wu Yuantao

Remuneration Committee

Mr. Deng Kaihong (*Chairman*)
Mr. Wu Yuantao
Ms. Li Weiwei

Nomination Committee

Mr. Wu Yuantao (*Chairman*)
Mr. Deng Kaihong
Ms. Li Weiwei
Mr. Mai Junhui

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1404, 14/F
Strand 50
50 Bonham Strand
Sheung Wan
Hong Kong

COMPANY SECRETARY

Ms. Cheung Yuet Fan

AUTHORISED REPRESENTATIVES

Mr. Mai Junhui
Ms. Cheung Yuet Fan

AUDITOR

Baker Tilly Hong Kong Limited
Level 8
K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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P.O. Box 2681
Grand Cayman, KY1-1111
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

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Central
Hong Kong

COMPANY WEBSITE

www.dataunioncapital.com

STOCK CODE

8375

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of Data Union Capital International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present the annual report for the Group for the year ended 31 December 2025.

PERFORMANCE REVIEW

The global macro-environment in 2025 proved to be complex and volatile, leading to weak demand in the electronic components market. Despite these challenges, the Group implemented necessary price reductions to maintain our market share. As a result, revenue increased from HK\$81.5 million for the year ended 31 December 2024 ("**FY2024**") to HK\$92.1 million for the year ended 31 December 2025 ("**FY2025**"). However, this sales growth was overshadowed by a decline in gross margin, which fell from 7.5% in FY2024 to 7.2% in FY2025.

Additionally, administrative expenses rose from HK\$13.5 million to HK\$18.9 million in FY2025, driven by higher professional fees and employee benefits. Furthermore, fair value gains on equity investments measured at fair value through profit or loss amounted to approximately HK\$0.1 million in FY2025, in contrast to the fair value gain of approximately HK\$5.9 million in FY2024. Consequently, the combination of lower gross profits, increased administrative expenses and declined in other gains resulted in our losses escalating from HK\$5.5 million in FY2024 to HK\$16.8 million in FY2025.

In light of these challenges, our Board remains focused on enhancing operational efficiency to ensure a sustainable business model for our manufacturing and trading of aluminum electrolytic capacitors and electronic components ("**Core Businesses**").

IMPROVEMENT INITIATIVES ON CORE BUSINESSES

Despite facing structural issues and challenges such as raw material shortages and global competition, we are dedicated to strengthening our supply chain and customer relationships through several strategic initiatives related to our Core Businesses:

1. **Expansion of Product Mix:** Diversifying our range of electronic components and related hardware to better adapt to market changes and strengthen our competitive advantage.
2. **Expanding Sales and Distribution Channels:** Broadening our customer base through both online and offline sales channels while moderately expanding target markets by participating in industry trade fairs and exhibitions.
3. **Enhancing Customer Services:** Offering comprehensive procurement solutions to build and sustain customer loyalty.
4. **Reinforcing Cost and Risk Management:** Optimizing procurement and inventory management to improve operational efficiency and effectively manage costs.

Our Directors believe that adoption of these initiatives will lead to improved revenue and profitability for our Group's Core Businesses moving forward.

BUSINESS DIVERSIFICATION AND OUTLOOK

To mitigate the impacts of market fluctuations associated with our Core Businesses, we have developed software-as-a-service (“**SaaS**”) solutions utilizing the Pilot Algorithm System (PAS), a proprietary digital marketing infrastructure. These solutions aim to enhance customer engagement and loyalty management through the integration of digital marketing capabilities, big data analytics, and artificial intelligence (“**AI**”) modeling. For further details, please refer to the announcement of the Company dated 21 January 2026.

Additionally, the establishment of our Dubai subsidiary and successful capital placement have enhanced our capabilities and opened avenues for innovative solutions. In February 2026, our Dubai subsidiary signed a SaaS distribution agreement with a distributor in Macau totaling US\$3 million, marking a significant step in broadening our revenue base. This achievement strengthens our market presence and lays a solid foundation for future growth.

The Group is actively exploring and developing the capabilities of the OpenClaw artificial intelligence agent (AI-Agent) to enhance the functionality of the PAS. This advanced technology aims to utilize natural language processing and machine learning to optimize customer interactions, improve decision-making efficiency and response speed, thereby ensuring our competitive advantage in the market. This will enable us to meet customer needs more effectively, enhance service experiences, and strengthen the Group's adaptability in a rapidly changing market environment.

Our Directors expect that these strategic investments will not only mitigate the volatility risks of our Core Businesses but also pave the way for sustainable growth. We will continue to adopt prudent financial management and rigorous cost control while exploring suitable business and investment opportunities.

APPRECIATION

On behalf of the Board, I express my sincere gratitude to our valued customers, business partners, shareholders, subcontractors, and suppliers for their continued support. I also extend my heartfelt appreciation to the management team and all employees of the Group for their hard work, dedication, and unwavering commitment to our objectives. The Directors and management are committed to delivering value and generating good returns for all our stakeholders.

Mai Junhui

Chairman and Chief Executive Officer

Hong Kong, 25 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued to focus on its key markets including manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components, including semiconductor devices and passive components.

In 2025, our total sales experienced significant growth, with revenue increasing by 13.0% from HK\$81.5 million to HK\$92.1 million. This growth of HK\$10.6 million was mainly due to robust demand for our products across various sectors and strong partnerships with key clients. Our proactive marketing strategies and responsiveness to market trends has further bolstered sales performance.

Despite the substantial revenue growth, our gross profit margin declined slightly from 7.5% to 7.2%. This decrease of 0.3 percentage points was primarily due to rising raw material costs and competitive pricing strategies implemented to capture market share. We are actively pursuing enhancements in manufacturing efficiency and cost-optimization initiatives to mitigate these challenges and improve our margins in the upcoming periods.

PROSPECTS

The Group acknowledges the keen competition in the manufacturing and sales of aluminum electrolytic capacitors. In this challenging environment, our commitment to innovation and efficiency remains paramount as we strive to maintain a competitive edge in the market.

On 21 January 2026, the Group successfully completed a placing, raising essential funds that will be directed towards the development of our SaaS and marketing solutions for our indirectly wholly owned subsidiary incorporated in the Emirate of Dubai, the United Arab Emirates (the "**Dubai Subsidiary**"), as well as enhancing our trading capabilities in electronic components. This strategic funding will enable us to expand our operational capacities and explore new business opportunities.

Additionally, a distribution agreement has been signed between the Dubai Subsidiary and a Macau distributor for the Group's SaaS and marketing solutions, valued at US\$3 million, as disclosed in the Company's voluntary announcement dated 3 February 2026. This successful engagement not only strengthens our market presence but also lays a robust foundation for future growth and collaboration. The Directors believe that this contract's conclusion will broaden the Group's revenue base and enhance investment returns for the Company and its shareholders.

Looking ahead, the Company expects these new developments to bring positive impact on the financial position and operational results of the Group as a whole, thereby enhancing our overall profitability. The Company remains optimistic about our strategic initiatives and are committed to delivering long-term value to our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue was approximately HK\$92.1 million for the year ended 31 December 2025 and approximately HK\$81.5 million for the corresponding period in 2024, representing an increase of approximately HK\$10.6 million or 13.0%. The increase in sales is attributed to robust demand across sectors, strong client partnerships, and effective marketing strategies.

The revenue for the sales of manufactured aluminum electrolytic capacitors increased by approximately HK\$10.1 million, from approximately HK\$68.7 million for the year ended 31 December 2024 to approximately HK\$78.8 million for the year ended 31 December 2025. The revenue derived from trading of electronic components increased to approximately HK\$13.3 million for the year ended 31 December 2025 from approximately HK\$12.9 million for the year ended 31 December 2024.

Cost of sales

The Group's cost of sales primarily consists of cost of goods sold and other direct costs. The cost of sales increased to approximately HK\$85.5 million for the year ended 31 December 2025 from approximately HK\$75.4 million for the year ended 31 December 2024, representing an increase of approximately 13.3%. The Group's cost of sales increased along with the increase in revenue for the year ended 31 December 2025.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK\$6.7 million for the year ended 31 December 2025 from approximately HK\$6.1 million for the year ended 31 December 2024. The Group's gross profit margin decreased from approximately 7.5% for the year ended 31 December 2024 to approximately 7.2% for the year ended 31 December 2025. Such decrease was mainly due to rising raw material costs and competitive pricing strategies implemented to capture market share.

Other income

The Group's other income decreased to approximately HK\$1.5 million for the year ended 31 December 2025 from approximately HK\$2.4 million for the year ended 31 December 2024, mainly due to the decrease in income from handling charges.

Other gains and losses

The net amount decreased from approximately gain of HK\$3.6 million for the year ended 31 December 2024 to approximately loss of HK\$1.7 million for the year ended 31 December 2025. The decline in other gains and losses was primarily due to the decrease in the fair value gain on equity investments measured at fair value through profit or loss, which fell to HK\$0.1 million for the year ended 31 December 2025, compared to fair value gain of approximately HK\$5.9 million for the year ended 31 December 2024.

Selling and distribution costs

The Group's selling and distribution expenses increased to approximately HK\$3.4 million for the year ended 31 December 2025 from approximately HK\$3.1 million for the year ended 31 December 2024, representing an increase of approximately HK\$0.3 million. The increase was mainly due to increase in customer service expenses.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, office supplies, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous, general and administrative expenses. Administrative expenses increased to approximately HK\$18.9 million for the year ended 31 December 2025 from approximately HK\$13.5 million for the year ended 31 December 2024, representing an increase of approximately HK\$5.4 million. Such increase was mainly due to the increase in professional fees and staff costs from the recruitment of more employees during 2025.

Income tax expenses

For the year ended 31 December 2025, the Group recorded HK\$0.6 million income tax expenses as compared to income tax expenses of approximately HK\$0.5 million for the year ended 31 December 2024.

Loss for the year

The Group recorded a loss for the year of approximately HK\$16.8 million for the year ended 31 December 2025, as compared with the loss for the year ended 31 December 2024 of approximately HK\$5.5 million. The increase in loss for the year was primarily attributed to rising administrative expenses, driven by elevated professional fees and staff costs, which exerted additional pressure on the Group's financial performance. Additionally, fair value gain on equity investments measured at fair value through profit or loss was approximately HK\$0.1 million in 2025, in contrast to the fair value gain of approximately HK\$5.9 million for the year ended 31 December 2024.

Management Discussion and Analysis

Basic loss per share

The Company recorded basic loss per share for the year ended 31 December 2025 of approximately 5.83 HK cents as compared with basic loss per share of approximately 1.90 HK cents for the year ended 31 December 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2025, the Group has total assets of approximately HK\$88.2 million (2024: HK\$96.6 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserve) of approximately HK\$33.1 million (2024: HK\$27.0 million) and approximately HK\$55.0 million (2024: HK\$69.7 million) respectively. The current ratio as at 31 December 2025 of the Group was approximately 1.9 times (2024: approximately 2.5 times).

As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$25.9 million (2024: HK\$19.5 million).

The total interest-bearing borrowings of the Group as at 31 December 2025 was approximately HK\$2.1 million (2024: HK\$5.9 million). The gearing ratio (calculated based on lease liabilities, interest bearing bank borrowings and bank overdrafts and divided by total equity) of the Group as of 31 December 2025 was 0.07 times (2024: 0.10 times).

RESERVES

Movements in the reserves of the Group for the year ended 31 December 2025 are set out in the consolidated statement of changes in equity.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (dividend for the year ended 31 December 2024: HK\$Nil).

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitments in respect of acquisition of intangible asset amounted to approximately HK\$4,359,000 (2024: HK\$Nil) for the project development cost of the PAS.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group did not have any material acquisition or disposal during the year ended 31 December 2025.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 December 2024 and 2025.

CHARGES ON GROUP'S ASSETS

As at 31 December 2025, the leasehold land and building with the carrying value of approximately HK\$3.9 million (2024: HK\$4.0 million) is pledged to a bank to secure banking facilities granted to the Group.

EMPLOYEE INFORMATION

As at 31 December 2025, the Group had 158 full-time employees (2024: 126 full-time employees), including the Directors. Total remuneration for the year ended 31 December 2025 was approximately HK\$22.5 million (2024: HK\$19.8 million). To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

FOREIGN EXCHANGE EXPOSURE

The Company is mainly operated in its local jurisdiction with most of the transactions settled in its functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities other than the functional currencies of the relevant entities comprising the Group are as follows.

	Liabilities		Assets	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HK\$	–	–	51	634
US\$	1,004	3,304	2,987	12,008
JPY	–	–	–	1,238

The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure to mitigate the foreign currency risk.

SIGNIFICANT INVESTMENTS

As at 31 December 2025, the Group did not hold any significant investments (2024: HK\$Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Mai Junhui (麥俊暉), aged 47, was appointed as an executive Director on 27 December 2024 and has served as the chairman and the chief executive officer of the Company since 27 February 2025. He is also a member of the Nomination Committee of the Company. Mr. Mai is responsible for our Group's major decision-making, overall strategic planning, determining corporate policies and daily operations and management of the Group.

Mr. Mai holds a dual bachelor's degree in electronics and information technology and e-commerce from South China University of Technology. From November 2019 to September 2025, Mr. Mai has served as the legal representative and general manager of Digital Trade (Shenzhen) Blockchain Technology Co. Ltd.* (數貿(深圳)區塊鏈科技有限公司).

Mr. Zhong Chuanyong (鍾傳勇), aged 43, was appointed as an executive Director on 27 February 2025.

Mr. Zhong obtained a bachelor's degree in Information and Computing Science from Central South University (中南大學). He specialises in leading research and development, project and organisational management to deliver innovative solutions in information technology.

From December 2013 to April 2023, Mr. Zhong served as the chief technology officer of Shenzhen Shuliantong Technology Co., Ltd.* (深圳市數聯通科技有限公司), where he was responsible for managing the research and development team. Since April 2023, Mr. Zhong has been serving as the company director of Data Interconnected Tech Pte. Ltd., a company based in the Asia-Pacific region that provides customised software solutions for small and medium-sized enterprises globally.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Deng Kaihong (鄧凱鴻), aged 50, was appointed as an independent non-executive Director on 27 December 2024. He is also a member of each of the Audit Committee and Nomination Committee of the Company and chairman of the Remuneration Committee of the Company.

Mr. Deng completed a junior college to bachelor's degree transfer programme in law at Yunnan Minzu University (雲南民族大學) in January 2007. Between December 1993 and August 2024, he worked for the Kunming Railway Public Security Bureau in Yunnan Province, retiring as a second-grade sergeant.

Mr. Wu Yuantao (吳元濤), aged 34, was appointed as an independent non-executive Director on 27 December 2024. He is also a member of each of the Audit Committee and Remuneration Committee of the Company and chairman of the Nomination Committee of the Company.

Mr. Wu graduated from Yunnan University of Finance and Economics in July 2013 with a bachelor's degree in English, and obtained a master's degree in law from Peking University in July 2016. Mr. Wu is currently a practising lawyer in the PRC.

From March 2018 to November 2019, he worked at Beijing Long An (Shenzhen) Law Firm (北京市隆安(深圳)律師事務所) as a paralegal and lawyer. Since December 2019, he has been working at Beijing Jingsh Law Firm Shenzhen Office (北京市京師(深圳)律師事務所) as a lawyer. Mr. Wu has extensive experience in corporate governance, strategic consulting, transformation and upgrading, disposal of non-performing assets, and industrial integration. He has participated in the planning and implementation of tender offer projects, financing mergers and acquisitions, and restructuring for several listed companies. He possesses in-depth research skills and rich experience in corporate governance, transformation and upgrading, and industrial integration of listed enterprises.

Biographical Details of Directors and Senior Management

Ms. Li Weiwei (李維維), aged 39, was appointed as an independent non-executive Director on 27 February 2025. She is also a member of each of the Remuneration Committee and Nomination Committee of the Company and chairman of the Audit Committee of the Company.

Ms. Li obtained a bachelor's degree in Financial Management* (財務管理) from the Renmin University of China (中國人民大學), a graduation certificate in relation to her completion of online courses in Financial Management* (財務管理) provided by the College of Continuing Education (繼續教育學院) of the Renmin University of China (中國人民大學) and a degree in Economic Information Management (Foreign-Related)* (經濟信息管理(涉外方向)) from Shijiazhuang Vocational College of Information Technology* (石家莊科技資訊職業學院). She holds an Accounting Professional Qualification (會計專業技術資格) jointly issued by the Ministry of Human Resources and Social Security (人力資源及社會保障部) and the Ministry of Finance (財政部) of the People's Republic of China, a Certificate of Accounting Professional (會計從業資格證書) issued by the Beijing Municipal Finance Bureau (北京市財政局) of the People's Republic of China and a Certificate of Fund Practitioner Qualification* (基金從業資格) issued by the Asset Management Association of China (中國證券投資基金業協會).

Since March 2019, Ms. Li has served as a Financial Accountant* (財務會計) at Jade Capital Management Limited* (古玉資本管理有限公司), where she was responsible for overseeing cross-border financial operations, including the preparation of financial statements, tax compliance, and audit coordination. She has also spearheaded compliance with regulatory requirements in offshore jurisdictions such as the British Virgin Islands and Singapore.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

As of the date of this annual report, each of our Directors confirms that save for the information shown on the Section "Corporate Information" of this annual report and save as disclosed above: (i) he/she has not held directorships in the past three years in other listed companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) save as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in the Report of the Directors of this annual report, he/she does not have any interests in the shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"); (iii) there was no information that should be disclosed pursuant to Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules; and (iv) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of the Directors that needs to be brought to the attention of the shareholders of the Company.

SENIOR MANAGEMENT

Mr. Heung Ka Lok (鄉嘉樂), aged 45, was appointed as chief financial officer of the Company on 13 November 2025. He has over 20 years of experience in accounting, mergers and acquisitions, corporate finance, environmental, social, and governance (ESG) and company secretarial matters. Prior to joining the Group as financial consultant of the Company in August 2025, Mr. Heung served as an executive director and the financial controller of Janco Holdings Limited (stock code: 8035), a company listed on GEM of The Stock Exchange from October 2022 to November 2024. From July 2016 to December 2020, he worked at two private companies as chief financial officer and company secretary. From June 2011 to July 2016, he worked at Hsin Chong Group Holdings Limited, a company previously listed on the main board of the Stock Exchange (delisted, previous stock code: 404), where his last position was deputy financial controller. In his early career, Mr. Heung worked at Deloitte Touche Tohmatsu from August 2004 to May 2011, where his last position was a manager in the audit department.

* For identification purpose only

Biographical Details of Directors and Senior Management

Mr. Heung is a fellow member of the Association of Chartered Certified Accountants and an associate member of both The Hong Kong Chartered Governance Institute (“**HKCGI**”) and The Chartered Governance Institute in the United Kingdom. Mr. Heung obtained a degree of Bachelor of Arts in Accountancy and a Master degree of Corporate Governance from The Hong Kong Polytechnic University. He obtained ESG Reporting Certification from HKCGI in July 2024.

Mr. Li Xinjun (李新軍), aged 44, is the deputy general manager of the sales and marketing department of Dongguan Shouke Electronics Technology Limited (“**Dongguan Shouke**”) and is mainly responsible for management of sales assistants and marketing of our Group. Mr. Li was promoted to the position of deputy general manager of the sales and marketing department of Dongguan Shouke on 1 July 2016. He joined Vertical Technology Company Limited in January 2007 as a salesperson based in the PRC and up to February 2014, where he was responsible for sales and marketing. Mr. Li was subsequently seconded to Dongguan Shouke in March 2014 as a supervisor and focused on sales and marketing.

Mr. Li graduated from 粵北技工學校 in the PRC in July 2003, with a specialisation in electrical and mechanical engineering.

COMPANY SECRETARY

Ms. Cheung Yuet Fan (張月芬) is the company secretary of our Company. She is a director of Company Secretarial Services of Tricor Services Limited (“**Tricor**”, a member of Vistra group), a global professional services provider specializing in integrated business, corporate and investor services. The Company has engaged Tricor as external service provider and appointed Ms. Cheung as the company secretary of the Company since 16 October 2017.

Ms. Cheung has over 30 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Prior to joining Tricor, Ms. Cheung worked in the corporate secretarial department of Deloitte Touche Tohmatsu in Hong Kong and in various Hong Kong listed companies in the role of company secretary and corporate governance areas. She is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both HKCGI and The Chartered Governance Institute in the United Kingdom.

Ms. Cheung obtained a Bachelor of Arts degree in Accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong).

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders of the Company (the “**Shareholders**”);
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company’s corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

Throughout the year ended 31 December 2025, the Company has complied with the code provisions as set out in the CG Code except for the deviation from code provision C.2.1 which is explained in the relevant paragraphs of this corporate governance report. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

CORPORATE GOVERNANCE REPORT

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings throughout the year ended 31 December 2025. As disclosed in the announcement of the Company dated 11 August 2025, the Company has been notified by Mr. Wu Yuantao, an independent non-executive Director, that, on 29 July 2025, he had purchased a total of 10,000 shares of the Company through his securities brokerage account, which transaction was settled and completed on the same day (the “**Securities Transaction**”). The Securities Transaction constituted a dealing in the securities of the Company within the black-out period (being the period from 22 July 2025 up to the date of publication of the announcement of interim results for the six months ended 30 June 2025 on 21 August 2025, both days inclusive).

In order to avoid similar incident in the future, the Company has implemented the following actions: (i) adopted a policy to require each of the Directors and relevant employees of the Company who are or are likely to be in possession of inside information (as defined under Part XIV of the SFO) relating to the financial results of the Group to deliver to the Chairman or another designated director or to the company secretary of the Company a written acknowledgement and undertaking to comply with the applicable restrictions on dealings in securities of the Company during the relevant black-out period and notification requirements under the GEM Listing Rules as soon as practicable and in any event within three (3) business days of receipt of the notice of the relevant black-out period issued by or on behalf of the Company; (ii) nominated Mr. Zhong Chuanyong, an executive Director, in addition to the Chairman, as a Director designated by the Board specified for the purpose of receiving the relevant notice required to be given under Rule 5.61 of the GEM Listing Rules in relation to dealings in securities of the Company; (iii) organised training sessions for all Directors in respect of requirements under the GEM Listing Rules and the SFO, in particular the requirements under Rules 5.01 and 5.02 of the GEM Listing Rules in relation to directors’ duties, Rules 5.46 to 5.68 in relation to securities transactions by directors of listed issuers and the provisions under Part XIV of the SFO in relation to prohibition of insider dealing.

The Company has also adopted written guidelines as the code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities based on the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. No incidence of non-compliance of this code by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

Mr. Boon Ho Yin Henry, Ms. Chow Cheung Chu, Mr. Liu Kwan, Mr. Chik Kin Man Paul and Mr. Wong Wai Leung resigned as Directors on 27 February 2025. Mr. Zhong Chuanyong and Ms. Li Weiwei were appointed as Directors on 27 February 2025 to fill the casual vacancy.

Before the appointment of Mr. Zhong and Ms. Li became effective, on 24 February 2025, each of Mr. Zhong and Ms. Li has obtained legal advice referred to in Rule 5.02D of the GEM Listing Rules and each has confirmed that he/she understood his/her obligations as a Director.

As at the date of this report, the Board currently comprises five members, consisting of two executive Directors and three independent non-executive Directors.

Executive Directors:

Mr. Mai Junhui (*Chairman, Chief Executive Officer and member of the Nomination Committee*)

Mr. Zhong Chuanyong

Independent Non-executive Directors:

Mr. Deng Kaihong (*Chairman of the Remuneration Committee and member of the Audit Committee and the Nomination Committee*)

Mr. Wu Yuantao (*Chairman of the Nomination Committee and member of the Audit Committee and the Remuneration Committee*)

Ms. Li Weiwei (*Chairlady of the Audit Committee and member of the Remuneration Committee and the Nomination Committee*)

The biographical information of the Directors are set out on pages 10 to 11 of this annual report.

There is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

During the period from 1 January 2025 to 27 February 2025, the roles of Chairman and Chief Executive Officer of the Company was performed by Mr. Boon Ho Yin Henry, a former executive director of the Company who was responsible for the Group's major decision-making, overall strategic planning, determining corporate policies and daily operation and management of the Group. In the view that Mr. Boon is one of the founders of the Group and he has been operating and managing the Group since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Boon taking up both roles for effective management and business development of the Group. Mr. Mai Junhui has been appointed as both the Chairman and the Chief Executive Officer of the Company in place of Mr. Boon on 27 February 2025 and is closely involve in the daily operations and decision making of the Group. The Board believes that having the roles of Chairman and Chief Executive Officer of the Company held by Mr. Mai is conducive to the execution of the Group's business strategies and the efficiency of its operations. In addition, under the supervision of the Board (comprising two executive Directors and three independent non-executive Directors), the Board has a power structure which provides sufficient checks and balances to safeguard the interests of the Company and its shareholders. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

Independent Non-executive Directors

During the year ended 31 December 2025, the Company had met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors are independent.

CORPORATE GOVERNANCE REPORT**Board Independence Evaluation**

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2025, all Directors have completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the respective dates of their appointments and will be renewed automatically for successive terms of one year immediately after the expiry of the then current term, unless terminated by not less than three months' notice in writing served by either party.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company with a term of three years commencing from the respective dates of their appointments, unless terminated by not less than three months' notice in writing served by either party.

All the Directors of the Company are subject to retirement by rotation and re-election at the annual general meetings. Pursuant to the articles of association of the Company ("**Articles**"), any Director appointed by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an AGM at least once every three years and being eligible to offer themselves for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

The Board regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibility.

The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

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 functioning.

The Directors have timely access to the information of the Company as well as the services and advice from the company secretary and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to its management team.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored 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. The induction materials, including directors' manual and legal and regulatory update have been provided to the Directors upon appointment.

Directors should participate in appropriate continuous professional development and training courses to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate.

CORPORATE GOVERNANCE REPORT

The Directors have participated in the following trainings during the year ended 31 December 2025:

Types of Training (Note)
Executive Directors

Mr. Boon Ho Yin Henry (<i>resigned on 27 February 2025</i>)	B
Ms. Chow Cheung Chu (<i>resigned on 27 February 2025</i>)	B
Mr. Mai Junhui	A
Mr. Zhong Chuanyong (<i>appointed on 27 February 2025</i>)	A

Independent non-executive Directors

Mr. Liu Kwan (<i>resigned on 27 February 2025</i>)	B
Mr. Chik Kin Man Paul (<i>resigned on 27 February 2025</i>)	B
Mr. Wong Wai Leung (<i>resigned on 27 February 2025</i>)	B
Mr. Deng Kaihong	A
Mr. Wu Yuantao	A
Ms. Li Weiwei (<i>appointed on 27 February 2025</i>)	A

Note: *Types of Training*

A: *Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops*

B: *Reading relevant news alerts, newspapers, journals, magazines and relevant publications*

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three committees, namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3 of this annual report.

Audit Committee

The Company established the audit committee (the “**Audit Committee**”) on 24 October 2017 with written terms of reference in compliance with the CG Code. On 27 December 2018, the Board adopted the revised written terms of reference of the Audit Committee by a resolution passed on the same date. An up to date version of the revised written terms of reference is available on the website of the Stock Exchange and of the Company. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Ms. Li Weiwei, Mr. Deng Kaihong and Mr. Wu Yuantao (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). Ms. Li Weiwei has been appointed as the chairman of the Audit Committee.

During the year ended 31 December 2025, the Audit Committee held two meetings to review the remuneration, terms of engagement and independence of the Company’s auditor, the Company’s risk management and internal control systems and financial reporting matters, and the arrangements for employees to raise concerns about possible improprieties. The Audit Committee also reviewed the Group’s annual financial results and report for the year ended 31 December 2024; and interim financial results and report for the six months ended 30 June 2025 before submission to the Board for approval.

The Audit Committee met the external auditors twice a year without the presence of the executive Directors.

The Audit Committee has also held a meeting on 25 March 2026 and in conjunction with management of the Company reviewed the accounting principles and practices adopted by the Group and discussed risk management and internal control systems and financial reporting matters including a review of the audited consolidated financial statements of the Group for the year ended 31 December 2025 and the independent auditor’s report thereon before submission to the Board for approval.

Remuneration Committee

The Company established the remuneration committee (the “**Remuneration Committee**”) on 24 October 2017 with written terms of reference in compliance with the CG Code. On 28 December 2022, the Board adopted the revised written terms of reference of the Remuneration Committee by a resolution passed on the same date. The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, reviewing and making recommendations to the Board on the Company’s policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, and to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Remuneration Committee comprises three independent non-executive Directors, Mr. Deng Kaihong, Mr. Wu Yuantao and Ms. Li Weiwei. Mr. Deng Kaihong has been appointed as the chairman of the Remuneration Committee.

The Remuneration Committee shall report to the Board after each meeting of the Remuneration Committee.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on their duties and responsibilities, workload, and time devoted to the Group and the performance of the Group. The remuneration packages of Executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each Executive Director. The remuneration for the Executive Directors comprises basic salary, pensions and discretionary bonus. Executive Directors shall receive options to be granted under the Company's share option scheme. The remuneration policy for Independent Non-executive Directors is to ensure that Independent Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the Independent Non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Independent Non-executive Directors shall not receive options to be granted under the Company's share option scheme. Individual Directors and senior management have not been involved in deciding their own remuneration.

During the year ended 31 December 2025, the Remuneration Committee held two meetings to (i) review and make recommendations to the Board on the remuneration packages of executive Directors and non-executive Directors, and to review the Company's policy and structure for the remuneration of all Directors and senior management, and (ii) to review and recommend for the Board's approval the service contract/letter of appointment and remuneration packages regarding the appointment of Mr. Zhong Chuanyong as an executive Director and Ms. Li Weiwei as an independent non-executive Director.

During the year ended 31 December 2025, the Remuneration Committee has also reviewed and recommended on the appointment of chief financial officer of the Company for the Board's approval.

The Remuneration Committee has also held one meeting on 25 March 2026 to review and make recommendations to the Board on the remuneration packages of executive Directors and non-executive Directors and senior management, and to review the Company's policy and structure for the remuneration of all Directors and senior management.

Nomination Committee

The Company established the nomination committee (the "**Nomination Committee**") on 24 October 2017 with written terms of reference in compliance with the CG Code. On 25 November 2025, the Board adopted the revised written terms of reference of the Nomination Committee by a resolution passed on the same date. The principal duties of the Nomination Committee include reviewing the Board structure, size and composition, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, assisting the Board in maintaining a board skills matrix, making recommendations to the Board on the appointment and succession planning of Directors, assessing the independence of independent non-executive Directors, and supporting the Company's regular evaluation of the Board's performance.

As at the date of this report, the Nomination Committee comprises one executive Director, Mr. Mai Junhui, and three independent non-executive Directors, Mr. Wu Yuantao, Mr. Deng Kaihong and Ms. Li Weiwei. Mr. Wu Yuantao has been appointed as the chairman of the Nomination Committee.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**") which has been revised and adopted by the Board on 27 December 2018. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "**Director Nomination Policy**") necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. The Director Nomination Policy as adopted by the Board sets out the procedure and criteria in the nomination and appointment of Directors.

The Nomination Committee shall report to the Board after each meeting of the Nomination Committee.

During the year ended 31 December 2025, the Nomination Committee held two meetings to (i) review the structure, size and composition of the Board, the Director Nomination Policy, the Board Diversity Policy and the independence of the independent non-executive Directors, as well as to consider the qualifications of the retiring directors standing for election at the AGM, and (ii) to review and make recommendations to the Board on the nomination of Mr. Zhong Chuanyong as an executive Director and Ms. Li Weiwei as an independent non-executive Director in accordance with the Director Nomination Procedures. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained and that the review on the progress on achieving the objectives as set out in the Board Diversity Policy had been conducted and that all findings were satisfactory.

In addition, the Nomination Committee has also held a meeting on 25 March 2026 to review the structure, size and composition of the Board, the Director Nomination Policy, the Board Diversity Policy and the independence of the independent non-executive Directors, and to consider and recommend to the Board on the re-election of Directors at the forthcoming AGM.

Board Diversity Policy

The Board Diversity Policy, which was adopted by the Company on 24 October 2017 and subsequently revised by a Board resolution passed on 27 December 2018, sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, length of service and industry and regional experience.

CORPORATE GOVERNANCE REPORT

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices of Board positions are appropriately structured so that a diverse range of candidates are considered.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male: 4 Directors

Female: 1 Director

Age Group

31–40: 2 Directors

41–50: 3 Directors

Designation

Executive Directors: 2 Directors

Independent Non-executive Directors: 3 Directors

Educational Background

Financial Management: 1 Director

Information and Computing Science: 1 Director

Law: 2 Directors

Electronics, Information Technology and E-commerce:
1 Director

Nationality

Chinese: 5 Directors

Business Experience

Accounting & Finance: 1 Director

Information Technology: 1 Director

Research and Development: 1 Director

Law: 1 Director

Electronics, Information Technology and E-commerce:
1 Director

At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate and on a regular basis, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group.

Details on the gender ratio in the workforce of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 55 to 56.

The Board had targeted to achieve and had achieved at least 20% of female Directors and 40% of female employees including female senior management of the Group and considers that the above current gender diversity is satisfactory.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee. The Company has adopted the Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following before moving onto the nomination process:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity aspects under the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and industry and regional experience;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the GEM Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

Where there is more than one candidate, the Nomination Committee shall rank the candidates by order of preferences based on the needs of the Company and where appropriate, to make recommendations to the Board.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The Nomination Committee shall also review the overall contribution and service to the Company of the retiring director including their participation and performance before making recommendations to the shareholders in respect of the proposed re-election of directors at the general meeting.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025 and up to the date of this annual report, the change in the composition of the Board were as follows:

1. Mr. Boon Ho Yin Henry resigned as an executive Director with effect from 27 February 2025.
2. Ms. Chow Cheung Chu resigned as an executive Director with effect from 27 February 2025.
3. Mr. Liu Kwan resigned as an independent non-executive Director with effect from 27 February 2025.
4. Mr. Chik Kin Man Paul resigned as an independent non-executive Director with effect from 27 February 2025.
5. Mr. Wong Wai Leung resigned as an independent non-executive Director with effect from 27 February 2025.
6. Mr. Zhong Chuanyong was appointed as an executive Director with effect from 27 February 2025.
7. Ms. Li Weiwei was appointed as an independent non-executive Director with effect from 27 February 2025.

The Nomination Committee had made recommendations to the Board on the nomination of Mr. Zhong Chuanyong as the executive Director and Ms. Li Weiwei as the independent non-executive Director in accordance with the Director Nomination Procedures.

The Nomination Committee will conduct regular review on the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Required Standard of Dealings for securities transactions by Directors and written guidelines for securities transactions by relevant employees as well as the Company's compliance with the CG Code and disclosure in this corporate governance report.

REMUNERATION BANDS OF MEMBERS OF SENIOR MANAGEMENT

The remuneration bands of the members of senior management who are not Directors of the Company for the year ended 31 December 2025 are as follows:

Remuneration bands	Number of Individuals
HK\$Nil to HK\$1,000,000	2

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 December 2025 is set out in the table below:

	Attendance/Number of Meetings				Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Executive Directors					
Mr. Boon Ho Yin Henry ¹	1/1	N/A	1/1	1/1	0/0
Ms. Chow Cheung Chu ¹	1/1	N/A	N/A	N/A	0/0
Mr. Mai Junhui ²	7/7	N/A	N/A	0/0	1/1
Mr. Zhong Chuanyong ³	6/6	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Mr. Liu Kwan ¹	1/1	0/0	1/1	1/1	0/0
Mr. Chik Kin Man Paul ¹	1/1	0/0	1/1	1/1	0/0
Mr. Wong Wai Leung ¹	1/1	0/0	N/A	N/A	0/0
Mr. Deng Kaihong ⁴	7/7	2/2	1/1	1/1	1/1
Mr. Wu Yuantao ⁵	7/7	2/2	1/1	1/1	1/1
Ms. Li Weiwei ⁶	6/6	2/2	1/1	1/1	1/1

Four regular board meetings were held during the year ended 31 December 2025.

Notes:

- Resigned on 27 February 2025.
- Appointed as member of the Nomination Committee on 27 February 2025.
- Appointed as executive Director on 27 February 2025.
- Appointed as the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee on 27 February 2025.
- Appointed as the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee on 27 February 2025.
- Appointed as independent non-executive Director, the chairlady of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee on 27 February 2025.

CORPORATE GOVERNANCE REPORT

On 28 March 2025, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of other Director.

Independent non-executive Directors have attended the AGM to gain and develop a balanced understanding of the views of Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to identify, evaluate and manage risk exposures that may impact the continued efficiency and effectiveness of our operation or provide reasonable and not absolute assurance against material misstatement or loss, rather than to eliminate the risk of failure to achieve business objectives.

The management is responsible for establishing, implementing and monitoring the risk management and internal control systems. The Board has the overall responsibilities for evaluating and determining the nature and extent of the risks (including ESG risks) it is willing to take in achieving the Company's strategic objectives, and overseeing the management in the design, implementation and monitoring of the risk management and internal control systems. Such duties have been carried out and performed with the assistance of the management and the Audit Committee.

The Company has engaged an independent internal control advisor for providing the internal audit function and performing independent review of the adequacy and effectiveness of the internal control systems annually, including reviewing guidelines and policies which are implemented through our operational process, as well as examining key issues in relation to the financial, operational, compliance and risk management practices with an aim to, among other matters, improve our Group's corporate governance. The independent internal control advisor is also responsible for providing its findings and any recommendations for improvement to the Audit Committee.

The Board is dedicated to safeguard the interests of Shareholders and the continuity of the Group by maintaining an optimal capital structure in its capital risk management. To mitigate the Group's credit risks in relation to the collectability of trade receivables, the Board has adopted credit risk management policies and procedures for conducting ongoing credit evaluation and close monitoring of material overdue payments. Regular meetings have also been conducted by the Board and senior management to formulate conservative strategies for mitigating the Group's financial risks including overseeing the interest rate exposure and compliance with liquidity requirements.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the Audit Committee, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

With a view to identifying, handling and disseminating inside information, procedures have been implemented by the Group to ensure that unauthorized access and use of information are strictly prohibited.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the Board, as supported by the Audit Committee and the independent internal control advisor providing the internal audit function, reviewed the risk management and internal control systems, including the financial, operational and compliance controls as well as those relating to the Company's ESG performance and reporting, for the mentioned period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experiences and relevant resources.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The report of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 77 to 83.

AUDITOR'S REMUNERATION

Baker Tilly Hong Kong Limited is appointed as the external auditor of the Company, the Audit Committee has been notified of the nature and services charges of non-audit services performed by Baker Tilly Hong Kong Limited's affiliates and considered that such services have no adverse effect on the independence of the external auditor. During the year ended 31 December 2025, the total fees paid/payable in respect of audit services and non-audit services provided by Baker Tilly Hong Kong Limited and its affiliates are set out below:

Services rendered to the Company	Fees paid and payable HK\$
Audit services:	
2025 annual audit	610,000
Non-audit services:	
Risk advisory services	75,000
Taxation	37,500
	<hr/>
	722,500

COMPANY SECRETARY

Ms. Cheung Yuet Fan of Tricor Services Limited, external service provider, has been engaged by the Company as the company secretary. Mr. Mai Junhui, Chairman of the Company, is the primary contact person at the Company who would work and communicate with Ms. Cheung on the Company's corporate governance and secretarial and administrative matters. Ms. Cheung has confirmed that for the year ended 31 December 2025, she has taken no less than 15 hours of relevant professional training.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals at General Meetings

- One or more Shareholders (including a recognised clearing house (or its nominees)) holding as at the date of deposit of the requisition in aggregate not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right to make a requisition to convene an extraordinary general meeting ("**EGM**") and add resolutions to the meeting agenda, and such requisition should be made in writing to the Board or the Secretary of the Company.
- Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Unit 1404, 14/F, Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong, for the attention of the Chairman of the Board.
- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included, the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholders will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Chairman of the Board will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM.
- If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves convene a physical meeting at only one location which will be the principal meeting place in accordance with the Memorandum and Articles of Association of the Company, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries as mentioned above to the following:

Address: Unit 1404, 14/F, Strand 50,
50 Bonham Strand, Sheung Wan
Hong Kong
(For the attention of the Board of Directors)

Email: info@dataunioncapital.com

Fax: (852) 2369 6228

CONSTITUTIONAL DOCUMENTS

On 16 May 2025, a special resolution was proposed and passed by the Shareholders at the Company's annual general meeting for the amendment to its Articles in order to reflect the change of company name of the Company from "Vertical International Holdings Limited" to "Data Union Capital International Holdings Group Limited" and the dual foreign name of the Company in Chinese from "弘浩國際控股有限公司" to "數盟資本國際控股集團有限公司". Details of the amendments are set out in the circular dated 22 April 2025 to the Shareholders. An up to date version of the Articles is also available on the Company's website and the Stock Exchange's website.

POLICIES RELATING TO SHAREHOLDERS

Shareholders' Communication Policy

The Company has in place a shareholders' communication policy (the "Shareholders' Communication Policy") to ensure that Shareholders' views and concerns are appropriately addressed. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the GEM Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the GEM Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the GEM Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the GEM Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.dataunioncapital.com).

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the GEM Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Shareholders' Enquiries*Enquiries about Shareholdings*

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: is-enquiries@vistra.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the following:

Address: Unit 1404, 14/F, Strand 50,
50 Bonham Strand, Sheung Wan
Hong Kong
(For the attention of the Board of Directors)
Email: info@dataunioncapital.com
Fax: (852) 2369 6228

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends, which sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of dividends to Shareholders.

The Company do not have any pre-determined dividend payout ratio. Depending on the financial results and conditions of the Company and the Group, and the conditions and factors as set out in the Dividend Policy, including but not limited to cash flow situation, business conditions and strategies, future operations and earnings, and capital requirements and expenditure plans of the Group, as well as the interests of Shareholders and any restrictions on payment of dividends, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components. As announced in the business update announcements of the Company dated 15 August 2025, 8 September 2025 and 21 January 2026, the Company established an indirectly wholly owned subsidiary in the Emirate of Dubai, the United Arab Emirates (the "UAE") (the "Dubai Subsidiary") which is principally engaged in providing software-as-a-service ("SaaS") and digital marketing solutions through the utilisation of the Pilot Algorithm System ("PAS"). The principal activities of the Company's subsidiaries are set forth in note 37 to the consolidated financial statements.

REVENUE AND SEGMENT INFORMATION

The revenue and segment information of the Group for the year are set forth in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year and the financial position of the Group and the financial position of the Company as at 31 December 2025 are set forth in the consolidated financial statements on pages 85 to 86 and 146 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (dividend for the year ended 31 December 2024: HK\$Nil).

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2025, a discussion on the Group's business development and an analysis of the Group's performance using financial key performance indicators are provided in the "Management Discussion and Analysis" on pages 6 to 9. In addition, discussions on the principal risks and uncertainties facing the Group, the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, particulars of important events affecting the Group since the financial year ended 31 December 2025 and key relationships with its stakeholders are contained in this "Report of the Directors".

PRINCIPAL RISK AND UNCERTAINTIES

The Group's financial condition and results of operations would be affected by a number of factors. The principal risks and uncertainties relating to the Group are set out below:

- We face intense competition in the aluminum electrolytic capacitors industry;
- Our Group's revenue relies on the PRC market and sales of major product;
- We do not have any long term contracts with our customers;
- Our Group's operation is highly dependent on our key management personnel and skilled and qualified employees.

REPORT OF THE DIRECTORS**ENVIRONMENTAL POLICY**

Environmental policy is set out in the section of “Environmental, Social and Governance Report” in this report on pages 41 to 76.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 31 December 2025.

KEY RELATIONSHIPS

The Group understands the importance of maintaining a good relationship with its customers, suppliers and stakeholders in meeting its short-term and long-term goals.

The Group has established good reputation for making high quality and reliability products. The Group communicates with its customers from time to time in order to collect feedback from them as a valuable tool to measure and improve the quality of products as well as customer’s satisfaction.

The Group maintains a list of approved suppliers which are selected with reference to, among other things, material/service quality, reliability and price. The Group generally enters into a framework agreement for quality assurance with the suppliers which govern the quality of the raw material and/or electronic components that the Group purchases from the suppliers and performs annual evaluation on the Group’s suppliers with respect to raw materials/service quality, reliability and timely delivery.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, our largest customer accounted for approximately 16.1% (2024: 14.9%) of our total revenue, while the percentage of our total revenue attributable to our five largest customers in aggregate was approximately 45.0% (2024: 47.3%).

For the year ended 31 December 2025, our largest supplier accounted for approximately 12.5% (2024: 12.3%) of our total purchases, while the percentage of our total purchases attributable to our five largest suppliers in aggregate was approximately 36.9% (2024: 41.7%).

As far as the Company is aware, as at the date of this annual report, none of the Directors, their close associates nor any Shareholders (which to the knowledge of the Directors own more than 5% of the Company’s share capital) had any interest in the Group’s customers and suppliers as disclosed above.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their duties and responsibilities, workload, and time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the share option scheme.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out in this report, no equity-linked agreements were entered into by the Group, or existed during the year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

RESERVES

Details of movements in reserves of the Group for the year ended 31 December 2025 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

Under the Companies Act of the Cayman Islands and subject to the provisions of the Articles, the share premium account of the Company may be applied for distribution to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

As at 31 December 2025, the aggregate amount of distributable reserves of the Company, including share premium and retained profits of the Company, amounted to approximately HK\$26.7 million (2024: HK\$34.4 million).

SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2025 are set out in note 37 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 24 October 2017 (the “**Scheme**”) as approved by a resolution of the then sole Shareholder passed on 24 October 2017.

Details of the Scheme are as follows:

1. Purpose of the Scheme

To enable the Company to grant options to the eligible participants, as incentive or reward for their contribution to the Group to subscribe for the shares of the Company (the “**Shares**”) thereby linking their interest with that of the Group. The basis of eligibility shall be determined by the Board from time to time.
2. Eligible participants to the Scheme

Any employee, adviser, consultant, service provider, agent, client, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such person under the Scheme or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group.
3. Total number of shares available for issue under the Scheme and percentage to the issued shares as at the date of this annual report

16,000,000 shares (Upon the Share Consolidation of every five shares of HK\$0.01 each into one share of HK\$0.05 each taking effect on 12 January 2022, the maximum number of shares available to be granted pursuant to the options granted under the Share Option Scheme was adjusted to 16,000,000 Consolidated Share of HK\$0.05 each.) (equivalent to 4.63% of the total number of Shares in issue as at the date of this annual report).
4. Maximum entitlement of each participant under the Scheme

Not exceeding 1% of the total number of Shares in issue for the time being in any 12-month period. Any further grant of share option in excess of such limit must be separately approved by the Shareholders in general meeting.

REPORT OF THE DIRECTORS

- | | | |
|----|--|---|
| 5. | The period within which the option may be exercised by the grantee under the Scheme | A period which shall not be more than ten (10) years after the offer date and subject to the provisions for early termination as contained in the Scheme. |
| 6. | The vesting period of options granted under the Scheme | Unless otherwise determined by the Board, there is no performance target required to be achieved and no vesting period required under the Scheme for the holding of an option before it can be exercised. |
| 7. | The amount payable on application or acceptance of the option and the period within which payments or calls must be made | The payment or remittance of HK\$1.00 within 21 days from, and inclusive of, the offer date or within such other period of time as may be determined by the Board pursuant to the GEM Listing Rules. |
| 8. | The basis of determining the exercise price | Being determined by the Board and shall be at least the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date;

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(c) the nominal value of a Share on the offer date. |
| 9. | The remaining life of the Scheme | The Scheme is valid and effective for a period of ten (10) years commencing on 24 October 2017 (being the date of adoption of the Scheme). |

No share option has been granted under the Scheme since its adoption and up to the date of this annual report.

REPORT OF THE DIRECTORS**DIRECTORS**

The Directors (the “**Board**”) during the year and up to the date of this report are as follows:

Executive Directors

Mr. Mai Junhui (*Chairman and Chief Executive Officer*)

Mr. Zhong Chuanyong (*Appointed on 27 February 2025*)

Mr. Boon Ho Yin Henry (*Chairman and Chief Executive Officer*) (*resigned on 27 February 2025*)

Ms. Chow Cheung Chu (*resigned on 27 February 2025*)

Independent Non-executive Directors

Mr. Deng Kaihong

Mr. Wu Yuantao

Ms. Li Weiwei (*Appointed on 27 February 2025*)

Mr. Liu Kwan (*resigned on 27 February 2025*)

Mr. Chik Kin Man Paul (*resigned on 27 February 2025*)

Mr. Wong Wai Leung (*resigned on 27 February 2025*)

In accordance with article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

In accordance with the articles 84(1) and (2) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Any Director appointed by the Board pursuant to article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

In accordance with articles 84(1) and (2) of the Articles, Mr. Zhong Chuanyong and Mr. Wu Yuantao shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS’ SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the respective dates of their appointments and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the respective dates of their appointments, which may be terminated by not less than three months’ notice in writing served by either party on the other.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 12 of this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 12 to the consolidated financial statements of this annual report.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in note 32 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

During the year ended 31 December 2025, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of the business of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Other than as disclosed in the paragraph headed "Disclosure of Interests" below, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE OF INTERESTS

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

As at 31 December 2025, within the knowledge of the Directors, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or which as entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' Interests in the Shares and Underlying Shares of the Company

As at 31 December 2025, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares:

REPORT OF THE DIRECTORS

Long positions in the Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares held (Note 1)	Percentage of shareholding in the Company (Note 4)
Super Date Co., Ltd ("Super Date") (Note 2)	Beneficial owner	188,150,000 (L)	65.33%
Mr. Guo Fan ("Mr. Guo") (Note 2)	Interest of controlled corporation	188,150,000 (L)	65.33%
Ms. Jiang Caiyun ("Ms. Jiang") (Note 3)	Interest of spouse	188,150,000 (L)	65.33%

Notes:

- (1) The letter "L" denotes long position in the share interests.
- (2) Super Date held direct interests of 188,150,000 Shares. Super Date is wholly and beneficially owned by Mr. Guo. Therefore, Mr. Guo is deemed to be interested in all the Shares held by Super Date under the SFO.
- (3) Ms. Jiang is the spouse of Mr. Guo. Ms. Jiang is deemed to be interested in the same number of Shares in which Mr. Guo is interested by virtue of the SFO.
- (4) As at 31 December 2025, the total number of Shares in issue was 288,000,000 Shares.

Save as disclosed above, as at 31 December 2025, none of the Directors is aware of any other person who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors or the controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group had not entered into any connected transactions or continuing connected transactions that are not exempted under Rule 20.71 of the GEM Listing Rules.

Related party transactions of the Group during the year are disclosed in note 32 to the consolidated financial statements of this annual report. They did not constitute connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

DONATIONS

No charitable or other donations were made by the Group during the year (2024: HK\$Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as required under the GEM Listing Rules during the year ended 31 December 2025 and up to the date of this annual report.

CLOSURE OF REGISTER OF MEMBERS

For attending and voting at the annual general meeting

The register of members of the Company will be closed from Tuesday, 12 May 2026 to Friday, 15 May 2026, both days inclusive, during which period no transfer of shares will be registered. The record date will be on Friday, 15 May 2026. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 11 May 2026.

PERMITTED INDEMNITY PROVISIONS

Under the articles of association of the Company, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, cost, charges, losses, damages and expenses incurred or sustained by him/her as a Director provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty attached to him/her. The Company has arranged an appropriate insurance cover in respect of legal action against the Directors.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Details of the Company's environmental and social responsibility practices are set out in the Environmental, Social and Governance Report on pages 41 to 76 in this annual report.

AUDITOR

Baker Tilly Hong Kong Limited has been appointed as the auditor of the Company and has audited the Company's consolidated financial statements for the year ended 31 December 2025.

The Company has not changed its external auditor during the year ended 31 December 2025 and up to the date of this annual report. A resolution will be proposed at the forthcoming AGM for the re-appointment of Baker Tilly Hong Kong Limited as the auditor of the Company.

CHANGES IN INFORMATION OF DIRECTORS

The changes in Director's information subsequent to the date of the 2025 interim report, as required to be disclosed pursuant to Rules 17.50A(1) of the GEM Listing Rules are set out below:

Mr. Mai Junhui, executive Director of the Company, has ceased to be the legal representative and general manager of Digital Trade (Shenzhen) Blockchain Technology Co. Ltd.* (數貿(深圳)區塊鏈科技有限公司) with effect from 2 September 2025.

* For identification purpose only

REPORT OF THE DIRECTORS

EVENTS AFTER THE REPORTING PERIOD**Placing**

On 29 December 2025, the Company entered into a placing agreement with Aristo Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent conditionally agreed to procure, on a best endeavor basis, not less than six independent third parties to subscribe for up to 57,600,000 ordinary shares of the Company at the price of HK\$0.99 per share (“**Placing**”). The Placing was completed on 21 January 2026, fulfilling all conditions outlined in the placing agreement. A total of 57,600,000 shares, approximately 16.67% of the Company’s enlarged issued share capital, were successfully placed at HK\$0.99 per share. Accordingly, the number of issued shares of the Company increased from 288,000,000 shares to 345,600,000 shares. All places and their beneficial owners were confirmed as independent third parties. Details of the Placing are set out in the Company’s announcement dated 29 December 2025 and 21 January 2026.

The gross proceeds from the Placing amounted to HK\$57,024,000, with net proceeds of approximately HK\$55,400,000 after deducting costs, including but not limited to legal and professional fees, placing commissions, and levies. The net proceeds will be allocated as stated in the announcements dated 29 December 2025 and 21 January 2026.

SaaS

On 26 January 2026, the Group established a wholly owned subsidiary in the PRC to support the operations and sales activities of its SaaS solutions and innovative digital products business in the PRC.

On 2 February 2026, the Dubai Subsidiary Group entered into a contract with an independent third party distributor in Macau for the provision of SaaS annual licences and subscriptions, set up and deployment, maintenance and technical services and add on services related to the PAS, with a total contract value of approximately US\$3 million. The contract is expected to commence and be completed within one year from the contract start date. Please refer to the announcement of the Company dated 3 February 2026.

On 11 February 2026, the Dubai Subsidiary of the Group entered into a cooperative framework agreement with an independent third party for the establishment of a strategic cooperation in relation to the procurement and supply of cloud-based computing and internet traffic services. The agreement provides a framework for cooperation between the parties, and the specific terms and conditions of the related service arrangements will be subject to further agreements to be entered into by the parties. Please refer to the announcement of the Company dated 11 February 2026.

Save as disclosed above, the Group does not have other significant events after the reporting period.

On Behalf of the Board

Mai Junhui
Chairman

Hong Kong 25 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Scope and Boundary

This Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) covers Data Union Capital International Holdings Group Limited (the “Company”) with its subsidiaries (collectively the “Group” or “we” or “our”) management approach, strategies, priorities, and objectives during the period from 1 January 2025 to 31 December 2025 (the “Reporting Year” or “2025”). The Group published the ESG Report in accordance with the Environmental, Social and Governance Reporting Code (the “Reporting Code”), Appendix C2 of the Rules Governing the Listing of Securities (“Listing Rules”) on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group aims to promote sustainable development and business responsibility. Therefore, while the Group actively develops and seeks opportunities, it also considers factors such as the environment, society, and ethics to ensure it can achieve a balance between business development, social demand, and environmental impacts. The Group also emphasizes developing positive connections with its stakeholders (including customers, investors, shareholders, suppliers, workers, and other organizations) to understand and respond to their expectations. The Group will keep close connections with stakeholders to meet their expectations and requests.

In the course of preparing the ESG Report, the Group conducted a thorough review and assessment of its existing environmental and social policies, with the aim of achieving better performance in environmental, social, corporate governance, and operational aspects in the future and making greater contributions to the communities where it operates.

To achieve sustainable development, the Group has adopted the following strategies:

1. achieving environmental sustainability;
2. respecting human rights and community culture;
3. maintaining communications with stakeholders;
4. supporting employees and providing a friendly working environment;
5. conducting strict quality monitoring;
6. sustaining local community development; and
7. strengthening our commitment to customers.

The ESG Report was approved by the Board of Directors (the “Board”) on 25 March 2026.

Feedback and Opinions

For details on the Group’s financial performance and corporate governance, please refer to our website (www.dataunioncapital.com) and our Annual Report. The Group also values your feedback and opinion on our performance in sustainable development. Please email your feedback and other sustainable development information to info@dataunioncapital.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Preparation Basis of the ESG Report

This ESG Report is prepared in accordance with the Reporting Code as set out in Appendix C2 of the Listing Rules on GEM of the Stock Exchange and has complied with the “Mandatory Disclosure Requirements” and “Comply or Explain Provisions”, as well as the reporting principles as below:

- Materiality : This ESG Report provides an overview of the materiality assessment, allowing us to identify the significant ESG issues during the Reporting Year. We have provided comprehensive descriptions of our essential stakeholders and transparently disclosed the specific processes through which they have been engaged and participated.
- Quantitative : This ESG Report employs quantitative information to disclose the key performance indicators (the “KPIs”) relevant to our operations’ environmental and social aspects. Each KPI is accompanied by a detailed explanation of the measurement standards, methods, hypotheses, and/or calculation tools utilized. In addition, we provide transparent insights into the source of conversion coefficients used for the KPIs, ensuring clarity and accuracy in our reporting.
- Balance : This ESG Report presents a comprehensive and objective view of the Group’s performance during the Reporting Year by providing a balanced disclosure of both positive and negative information. This approach ensures that the Report’s contents offer an unbiased and transparent depiction of our ESG performance.
- Consistency : This ESG Report adopts a consistent disclosure approach using standardized scales to enhance the comparability of KPIs. Such consistency enables stakeholders to more effectively analyze and understand our performance across reporting periods.

During the Reporting Year, it is important to note that the reporting boundary has been adjusted. As disclosed in the Company’s announcements dated 15 August 2025 and 8 September 2025, respectively, the Group has established a subsidiary in the Emirate of Dubai (“Dubai”), United Arab Emirates, to support the Group’s new business in the provision of SaaS solutions and innovative digital products. Consequently, certain ESG data for the Reporting Year may differ from those of 2024 due to the expansion of the reporting scope.

In preparing the ESG Report, the Group has adopted the international standards and emission factors specified in the Stock Exchange’s ESG guidance materials for computing the KPIs, and there is no change from the previous year in the way the ESG Report has been prepared. The application of materiality is detailed in the subsection headed “ESG Management – Materiality Assessment”.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Management Approach

The Group aims to enhance communication with stakeholders and pay close attention to the Group's impact on the operating environment and society. The Group maintains close contact with internal employees, suppliers, and customers to understand their concerns and seek solutions together. Apart from focusing on the business development goals, the Group also values environmental protection and social engagement. In the global environment where environmental protection awareness is growing, the Group has also continuously refined its ESG strategies to create an efficient and diversified business environment for development.

To develop the Group's ESG-related business strategies, the Group identifies events that may negatively affect its reputation or pose risks in the short, medium, and long term. The Group also closely monitors any incidents that may cause harm to stakeholders and assesses their impact and the relevant responsibilities. Through the establishment of appropriate policies and management procedures, the management team leads the Group in collaboratively addressing these issues and mitigating associated risks.

ABOUT THE GROUP

Our Group's core business is manufacturing chip-type and radial lead-type aluminum electrolytic capacitors. This core business is complemented by trading a wider range of electronic components, including integrated circuits and semiconductors such as diodes and transistors, and LED and LED lighting products. The Group mainly manufactures aluminum electrolytic capacitors at its Dongguan plant in the People's Republic of China (the "PRC"), boasting a comprehensive quality control system which aligns with ISO 9001:2015 Quality Standard (covering all stages of its aluminum electrolytic capacitors production), QC080000:2017 concerning the management of hazardous substances in the production process, IATF 16949:2016 regarding the quality management system for automotive industry supply chain and assembly process, and RoHS and REACH standards, which concern the restriction and control of certain hazardous substances and chemicals related to aluminum electrolytic capacitors.

During the Reporting Year, the Group expanded its business scope by establishing a subsidiary in Dubai to support new initiatives in SaaS solutions and innovative digital products. Leveraging the Group's proprietary Pathfinder Algorithm System (PAS), the Dubai subsidiary integrates artificial intelligence (AI), Web 3.0 token mechanisms, big data and cloud computing to develop software, SaaS platforms, Information Technology (IT) consultancy services, and digital marketing solutions. The Group's SaaS and digital product businesses operate mainly under a business-to-business model targeting global merchants and suppliers across retail, e-commerce, tourism, real estate, automotive, luxury goods, and digital application platform operators.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management***Statement of the board***

As a responsible corporate citizen, the Group acknowledges that prudent environmental and societal management is of great importance to sustainable economic growth. The Report summarizes the strategy, practice and vision of the Group with respect to issues related to ESG and conveys the Group's devotion to sustainability. To address the global concern about climate change that affects the environmental systems and our daily lives, the Group has considered climate-related issues and incorporated them into our risk management system to enhance our resilience and adaptive capacity to potential climate change impacts. All potential risks that may affect the Group's businesses will be covered and evaluated in the annual enterprise risk assessment.

The Group has established a governance structure to enhance its management of ESG issues. The Board has overall responsibility for overseeing the Group's ESG-related risks and opportunities, establishing and adopting the Group's ESG-related strategies and targets, reviewing the Group's performance annually against those targets, and revising the strategies as appropriate if a significant variance from the target is identified. To exert governance over the ESG issues, the Group has set up an ESG Working Group (the "**ESG Working Group**") that comprises members from middle to senior management, and it serves as a supportive role to the Board in implementing the ESG-related strategies and targets, conducting materiality assessments of ESG issues and prioritizing them, and promoting the implementation of respective measures. Under the authority of the Board, the ESG Working Group assists in collecting ESG data from respective functional departments, monitors the implementation of the measures, investigates deviations from targets, and liaises with the respective functional departments to take prompt rectification actions.

The Board will continue to review progress against the set goals and targets to help build sustainable markets, with broader benefits for society as a whole.

Governance Structure

Board	<ul style="list-style-type: none"> The Board is responsible for the overall decision-making, oversees the formulation, administration, and assessment of the ESG system.
ESG Working Group	<ul style="list-style-type: none"> The ESG Working Group is responsible for assisting the Board in managing and monitoring the ESG matters daily.
Functional Department	<ul style="list-style-type: none"> Functional department is responsible for the execution of implemented measures to achieve the set strategies and targets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders Engagement

The Group seeks every opportunity and endeavors to understand and engage our stakeholders so that we can continue to improve the product offerings and services of the Group. The Group strongly believes that our stakeholders play a crucial role in the continual success of our business operations.

Stakeholders	Suggestions and expectation	Communication and response
Stock Exchange	Compliance with the GEM Listing Rules, publishing announcements in a timely and accurate manner	Meetings, training, seminars, programs, updating of the website and announcements
Governments	Compliance with laws and regulations, social welfare, and the prevention of tax evasion	Interactions and visits, government inspections, tax returns and other information
Suppliers	Payment schedule, supply stability	On-site research
Investors	Corporate governance system, business strategies and performance, investment return	Organization and participation of seminars, visits and interviews, general meetings, provision of financial reports or business updates for investors, press and analysts
Media	Corporate governance, environmental protection and human rights	Posting of communications on the company website
Customers	Product/service quality, fair and reasonable pricing, the value of service, protection for the labor force and work safety	Site visits and after-sales services
Employees	Rights, employee salaries, training, development, working hours, and working environment	Conducting team activities, training, interviews with employees, issues of the Employee Handbook, internal memorandum and the suggestion box
Community	Environmental, employment and community development, social welfare	Organizing community activities, employees' volunteering activities and community welfare, sponsorship and donations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Assessment

During the Reporting Year, the Group expanded its business operations and continued to evaluate ESG issues that are relevant to its long-term sustainability. In the absence of a formal stakeholder survey, the Group identified material ESG topics by referencing internationally recognized frameworks, including the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) Materiality Map, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the thematic priorities highlighted by the International Sustainability Standards Board (ISSB).

The assessment also considered insights from previous ESG reports, emerging regulatory and industry trends, internal risk management processes, and the Group's evolving operational footprint. Based on this structured internal review, the Group concluded that its key ESG topics remain broadly consistent with prior years, with refinements to reflect developments arising from its business expansion.

The Group's material ESG topics for the Reporting Year are summarized below:

1. Emissions and Greenhouse Gas Emissions
2. Hazardous Waste and Non-Hazardous Waste
3. Energy and Water Consumption
4. Product Responsibility
5. Health and Safety
6. Supply Chain Management

Environmental Overview

The Group is always committed to promoting environmental protection. The Group has implemented an environmental management system to guide the research and development, production, and sales processes for aluminum electrolytic capacitor products. The Group has obtained the standard certification of ISO 14001:2015 to ensure that the negative impact on the environment is minimized during the main production process. As part of the environmental management system under ISO 14001:2015, the Group has formulated the "Environment, Occupational Health and Safety Management Manual" to effectively prevent, reduce, and monitor the generation and emission of pollutants during the production process. In addition, the Group actively reinforces the importance of environmental protection among staff and raises their awareness of it at work. Therefore, the supervisory staff will conduct regular training sessions and internal written tests of ISO 14001:2015, so that the employees can meet the environmental management system standards in their routine work.

During the Reporting Year, the Group expanded into a new digital business segment by establishing a Dubai subsidiary. As this business is newly established, the Group is still developing environmental-related policies and internal management standards tailored to its technology-driven operations. Building on the Group's existing experience in implementing ISO 14001 environmental management systems in its manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components operations, the Group will progressively extend relevant environmental management principles to the new digital segment.

The Group remains attentive to environmental protection requirements and the applicable laws and regulation, including but not limited to "Environmental Protection Law of the PRC" (《中華人民共和國環境保護法》), "the Law of the PRC on the Prevention and Control of Atmospheric Pollution" (《中華人民共和國大氣污染防治法》), "the Law of the PRC on the Prevention and Control of Water Pollution" (《中華人民共和國水污染防治法》), "the Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste" (《中華人民共和國固體廢物污染環境防治法》), and "the Law of the PRC on Conserving Energy" (《中華人民共和國節約能源法》). Throughout the Reporting Year, the Group complied with all relevant environmental laws and regulatory requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air Emissions

During the Reporting Year, the Group owned 4 motor vehicles and 1 electric car for transporting of our management and employees, which contributed to Nitrogen Oxides (“**NOx**”), Sulfur Oxides (“**SOx**”), and Particulate Matter (“**PM**”). To enhance fuel consumption efficiency and reduce emissions, the Group optimizes route plans for transportation and has acquired an electric vehicle. Moreover, maintenance checks are arranged for motor vehicles to ensure road safety, with a view to keeping vehicle carbon emissions to a minimum. The Group will make continuous efforts in route optimization in order to make an impact on the reduction of relevant emissions generated by vehicles.

During the Reporting Year, the Group’s air emission profile underwent a notable shift. As the Group discontinued the use of the sleeve-type printing and lamination machines and replaced them with integrated equipment, emissions previously classified as organized air emissions were reclassified as fugitive emissions, resulting in the absence of corresponding organized-emission data. In addition, increased use of company vehicles for business negotiations during the Reporting Year contributed to a rise in overall air emissions. The Group largely achieved the air emissions target set last reporting year by keeping its emissions within 120% of the 2024 level. Looking ahead, the Group is committed to achieving a 5% reduction in air emissions of each emission category by 2030, with 2025 designated as the baseline year.

Air Emissions ¹	2025	2024
NOx (kg)	25.09	24.71
SOx (kg)	0.12	0.08
PM (kg)	2.32	2.29
Non-methane hydrocarbons (kg)	–	19.26
VOCs (kg)	–	57.20

¹ The air emissions for the Reporting Year are disclosed in accordance with “Appendix 2: Reporting guidance on Environment KPIs” issued by the Stock Exchange to provide a more comprehensive performance of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Greenhouse Gas Emissions

The Group's greenhouse gas ("GHG") emissions consist of three sources: direct GHG emissions (Scope 1) from the use of gasoline in company vehicles, indirect energy GHG emissions (Scope 2) from the use of purchased electricity and the consumption of the electric vehicle, and other indirect GHG emissions (Scope 3) from wastepaper disposed of in landfills and business travel by air.

During the Reporting Year, the Group's total GHG emissions showed no significant change compared with 2024. Scope 1 emissions increased due to greater use of company vehicles for business negotiations, while Scope 3 emissions declined substantially as employees reduced paper consumption and non-essential business travel was replaced by e-meetings.

GHG Emissions ²	2025	2024
Direct GHG Emissions (Scope 1)		
Combustion of fuels in vehicles (tonnes CO ₂ -e)	21.29	15.09
Indirect GHG Emissions (Scope 2)		
Purchased electricity and electric vehicle (tonnes CO ₂ -e)	4,357.91	4,201.87
Other Indirect GHG Emissions (Scope 3)		
Wastepaper disposed of in landfills (tonnes CO ₂ -e)	125.39	184.37
Business travel by air (tonnes CO ₂ -e)	1.93	3.57
Total GHG Emissions		
Total GHG emissions (tonnes CO ₂ -e)	4,506.52	4,404.90
Total GHG emissions intensity ³ (tonnes CO ₂ -e/sq m)	0.55	0.54

The Group largely achieved the GHG emissions target set last reporting year by keeping its emissions intensity within 120% of the 2024 level. Considering the potential business resume, expanding and upholding the principles of sustainable development, the Group is committed to achieving a 5% reduction in GHG emissions by 2030, with 2025 designated as the baseline year. To reduce GHG emissions, the mitigating measures are detailed in the subsection below headed "Energy Efficiency".

² GHG emissions data are presented in terms of carbon dioxide equivalent and are based on, including but not limited to, the "Announcement on the Release of 2024 Electricity Carbon Footprint Factor Data" issued by the Ministry of Ecology and Environment of the PRC, the global warming potential values from the "Sixth Assessment Report" issued by Intergovernmental Panel on Climate Change, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "2024 Sustainability Report" issued by the CLP Holdings, the "Sustainability Report 2024" issued by the HK Electric Investments, and the ICAO Carbon Emission Calculator issued by the International Civil Aviation Organization (ICAO).

³ The total area of the production plants and offices in the Reporting Year was 8,220.63 sq m (2024: 8,132.00 sq m).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Hazardous Waste

The Group obtained QC080000:2017 certification for the development and implementation of management procedures and related processes for hazardous substances, meeting the requirements of IECQ HSPM. The Group does not discharge hazardous waste directly into the environment. Instead, hazardous wastes is collected, stored, transported, and disposed of separately from other wastes streams, and is kept in clearly labelled, designated containers.

The industrial hazardous solid wastes generated during the production process primarily includes used packaging drums, packaging cans, and wasted electrolytes, all of which are listed as hazardous solid wastes under the national hazardous waste catalogue. The Group has engaged qualified recyclers to properly handle and recycle these hazardous materials.

The Group had no material non-compliance with the provisions of the Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste (《中華人民共和國固體廢物污染環境防治法》) in handling hazardous waste during the Reporting Year.

During the Reporting Year, the Group's increased production capacity and adjustments to the plug-in process resulted in higher generations of wasted electrolytes, leading to an overall rise in hazardous waste. Consequently, the Group was unable to meet the target set in the previous reporting year of keeping hazardous waste intensity within 120% of the 2024 level. Looking ahead, to fulfil social responsibility and minimise waste generation in its operations, the Group is committed to achieving a 5% reduction in hazardous waste intensity by 2030, with 2025 designated as the baseline year.

Hazardous Waste	2025	2024
Used packaging drums and packaging cans (tonnes)	3.58	4.86
Wasted electrolytes (tonnes)	108.31	63.13
Total Hazardous Waste (tonnes)	111.89	67.99
Hazardous Waste Intensity (tonnes/sq m)	0.0136	0.0084

Non-hazardous Waste

The guide pins, aluminum shells, and leads that are scrapped during the production process are the main non-hazardous waste streams. The Group aims to reduce waste from the source and reminds its staff to handle raw materials as carefully as possible to reduce the chance of scrapping. Besides, office-use paper and cardboard boxes used by suppliers to supply raw materials are also the main source of non-hazardous waste discarded by the Group. The Group has formulated the "Management Procedures of Solid Waste" and classified the general solid wastes into two categories: recyclable and non-recyclable; some examples of recyclable solid wastes are paper, plastic, glass and metal, including scrap and lead, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Non-hazardous Waste	2025	2024
Cardboard boxes (tonnes)	15.13	15.08
Paper (tonnes)	26.12	38.41
Total Non-hazardous Waste (tonnes)	41.25	53.49
Non-hazardous Waste Intensity (tonnes/sq m)	0.005	0.007

During the Reporting Year, the Group's non-hazardous waste decreased significantly as employees effectively reduced paper consumption. As a result, the Group successfully achieved the target set in the previous Reporting Year to reduce non-hazardous waste intensity. Looking ahead, the Group is committed to achieving a 5% reduction in non-hazardous waste intensity by 2030, with 2025 designated as the baseline year.

The Group promotes the four "R" environmental principles – Reduce, Reuse, Recycle, and Replace across its daily operations. To minimize paper consumption, we actively foster a paperless working environment. Employees are encouraged to use electronic documents rather than printed copies to reduce unnecessary waste and enhance operational efficiency.

If printing is required, double-sided printing is recommended. Paper that has been printed on one side may be reused for internal purposes, provided the printed side does not contain confidential information. Other environmentally friendly printing practices, such as using economy mode, selecting black-and-white output, and opting for recycled paper through the bypass tray are also encouraged.

Measures to Reduce Waste

The Group had no material non-compliance with the provisions of the "Environmental Protection Law of the PRC" (《中華人民共和國環境保護法》) and the "National Hazardous Waste Inventory" (《國家危險廢棄物名錄》) amended by the Ministry of Environmental Protection of the PRC and other related provisions of the laws and regulations concerning environmental protection during the Reporting Year. Industrial solid waste generated during the production process is not discharged, disposed of, or transferred arbitrarily.

All hazardous solid waste produced during the production process will be treated in a more environmentally friendly manner by engaging professional organizations with permits to handle industrial hazardous waste. The organizations will recycle hazardous solid waste of the Group. To ease recycling, the Group separately seals each type of hazardous waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Resource Usage

The Group primarily consumes electricity and water as its main resources. The Group understands that natural resources are precious, and it has clearly formulated the “Management Regulations on Water Conservation”, “Management Regulations on Conservation of Electricity Consumption” and “Management Regulations on Paper Conservation” to enhance the energy efficiency of the plant and the office and achieve sustainable resource conservation and reduction of pollutant emission.

Water Resources Management

The Group had no material non-compliance with the Prevention and Control of Water Pollution and no issue in sourcing water during the Reporting Year. The “Procedures for Prevention and Control of Pollutants” have been implemented to effectively control water generated by the production and service processes. The water discharged by the Group mainly comes from domestic water.

Water Consumption	2025	2024
Total Water Consumption (m ³)	8,618.01	6,901.00
Water Consumption Intensity (m ³ /sq m)	1.048	0.849

During the Reporting Year, the Group’s water consumption increased due to higher production capacity and adjustments to the plug-in process. As a result, the Group was unable to meet the target set in the previous reporting year of keeping water-consumption intensity within 120% of the 2024 level. Looking ahead, the Group is committed to achieving a 5% reduction in water consumption intensity by 2030, with 2025 designated as the baseline year.

To conserve water and reduce wastewater discharge to the environment, the Group has implemented the following management measures to educate employees and encourage good water-saving habits:

- Performing regular inspections, repairs, and maintenance of water equipment to avoid unnecessary leakage and water seepage problems in water equipment;
- Employees are required to follow the principle of “turn on when in use, turn off when not in use” for all water usage in toilets and bathrooms;
- Posting promotional posters and cards in prominent areas of the workplace to remind employees of water saving;
- Automatic sensor faucets are installed to avoid wastage caused by the lapse of not stopping the faucet; and
- Fire hydrants and fire-fighting water pools are supplied with water year-round in accordance with fire services regulations. To prevent water wastage, the water level is regularly maintained at an appropriate height, and the water pressure is controlled to avoid excessive pressure that could damage fire hoses and cause overflow.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Use of Resources

The Group pursues practices for the efficient use of resources, including energy, water, and other natural resources, and further reduces the negative impacts on the natural environment.

The Group's energy consumption comprises direct energy use from gasoline for company vehicles and indirect energy use from purchased electricity and electric vehicles. During the Reporting Year, the Group's total energy consumption remained broadly consistent with 2024. The Group largely achieved the target set in the previous Reporting Year by keeping its energy-consumption intensity within 120% of the 2024 level. Looking ahead, the Group is committed to achieving a 5% reduction in energy consumption intensity by 2030, with 2025 designated as the baseline year.

Energy Consumption⁴	2025	2024
Direct Energy Consumption		
Fuel consumption (kWh)	77,350.25	54,803.68
Indirect Energy Consumption		
Purchased electricity (kWh)	7,731,322.00	7,940,907.00
Total Energy Consumption		
Total energy consumption (kWh)	7,808,672.25	7,995,710.68
Total energy consumption intensity (kWh/sq m)	949.89	983.24

⁴ The conversion of energy units is based on the "Energy Statistics Manual" issued by the International Energy Agency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Efficiency

Electricity use is mainly for the daily operations of the Group's office, plant, and staff quarters. In order to effectively deploy resources, the Group implemented the following efficiency measures for energy conservation in accordance with the "Management Regulations on Conservation of Electricity Consumption":

- Considering power consumption as one of the evaluation criteria for purchasing electronic devices, and selecting electronic devices that consume as little power as possible;
- The electronic devices currently in use will be sent for maintenance according to the actual needs to ensure that the device is operating properly and to prevent wastage of electricity due to faulty operation;
- In terms of the control of lighting facilities, it is not allowed to turn on the light at the staircase during daylight hours with full sunlight, and the last employee who leaves the office or the plant must ensure that all lights are turned off;
- Cleaning the air filter of the air conditioner regularly to prevent dust from accumulating and reducing the cooling performance of the air conditioners;
- All doors and windows are closed to prevent loss of cool air when the air conditioners are in use; and
- The average room temperature should be kept within the specified range to reduce the power consumption of air-conditioning devices.

Use of Packaging Materials

The Group's packaging materials include paper and plastic. During the Reporting Year, the Group's use of packaging materials increased significantly due to higher production capacity, resulting in a corresponding rise in overall packaging consumption. Moving forward, the Group is committed to exploring sustainable packaging materials. We will assess alternatives that minimize environmental impact, enhance recyclability, and align with our sustainability goals. By investing in innovative, eco-friendly packaging solutions, we aim to reduce our reliance on plastic and advance a circular economy.

Use of Packaging Materials	2025	2024
Paper (tonnes)	121.57	111.20
Plastic (tonnes)	261.47	207.58
Total Packaging Materials (tonnes)	383.04	318.78
Packaging Materials Intensity (tonnes/sq m)	0.0466	0.0392

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Change

As part of the Group's ESG strategy, the Board oversees climate-related risks and opportunities. Both the Board and the ESG Working Group conduct reviews at least once a year to identify climate-related issues that may pose risks to the Group in the short, medium, and long term. The Group's annual enterprise risk assessment includes a comprehensive evaluation of all potential risks arising from climate change. In addition, the Group considers climate-related risks with reference to IFRS S2 – Climate-related Disclosures and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The potential physical risks and transition risks from climate change, which may pose adverse financial impacts on the Group's businesses, and its corresponding mitigation strategies are shown below:

Risk Type	Potential Financial Impact	Risk Level			Mitigation Strategy
		Short-term (The Reporting Year)	Medium-term (1-3 years)	Long-term (4-10 years)	
Transition Risks	Policy and Legal				
	Increased compliance costs and potential disruption related to new climate-related regulations	Low	Medium	High	Regularly monitor the regulatory environment and strictly adhere to the Group's emission-reduction measures to maintain a low emission level.
Transition Risks	Market				
	Reduced demand for goods due to shift in consumer preferences to green products.	Low	Medium	High	Continue to monitor the product market to ensure that our products exceed customer demands and expectations.
Physical Risks	Acute				
	Extreme weather conditions such as flooding and storms that lead to supply chain disruption and loss of property.	Low	Medium	Medium	Maintain a large supplier base and set up safety measures and contingency plans in regards to extreme climate events.
Physical Risks	Chronic				
	Increased operating costs related to increased need for cooling and heating due to changing temperatures.	Low	Medium	High	Adopt the Group's energy conservation measures detailed in the above subsection headed "Energy Efficiency".

It is expected that both the physical and transition risks do not have a material impact on the Group's operation. Nevertheless, the Group continues to monitor the climate-related risks and implement relevant measures to minimize them.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In response to the newly introduced climate-related disclosure requirements under Part D of the Stock Exchange Reporting Code, the Group has reviewed its current disclosure capabilities, internal resources, and data maturity. Based on this assessment, the Group considers it appropriate at this stage to continue adopting its existing climate disclosure framework and has not yet fully incorporated all newly added requirements.

Looking ahead, the Group will continue to strengthen its climate-related data collection, risk management processes, and scenario analysis capabilities. In alignment with Stock Exchange's implementation guidance and transition arrangements, the Group will progressively enhance the transparency and completeness of its climate-related information to more comprehensively meet disclosure expectations.

CARING SOCIETY

Overview of Employees

The Group values each employee's personal growth. It also establishes a variety of communication channels to enhance employees' sense of belonging to the Group. Such practice has attracted specialists from various fields to join, promoting mutual exchange and helping create positive values in society.

As at 31 December 2025, the Group had 158 employees. Set out below are the statistics of our employees by region, gender, age group and employment type:

	Number 2025	Percentage 2025
By Region		
Hong Kong	10	6%
The PRC	147	93%
Dubai	1	1%
By Gender		
Male	97	61%
Female	61	39%
By Age Group		
<25	9	6%
25-29	13	8%
30-39	55	35%
40-49	56	35%
≥50	25	16%
By Employment Type		
Full-time	158	100%
Part-time	–	–

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Turnover rate

During the Reporting Year, the employee turnover across the Group was 66%. The details are as follows:

	Number 2025	Percentage ⁵ 2025
By Region		
Hong Kong	–	–
The PRC	105	71%
Dubai	–	–
By Gender		
Male	82	85%
Female	23	38%
By Age Group		
<25	25	278%
25-29	19	146%
30-39	32	58%
40-49	21	38%
≥50	8	32%

Recruitment Policy

The Group has always strictly complied with laws and regulations related to employment and labor that have a significant impact on the Group, including the “Employment Ordinance” (《僱傭條例》), the “Labor Law of the PRC” (《中華人民共和國勞動法》) and the “Labor Contract Law of the PRC” (《中華人民共和國勞動合同法》). Based on this, the Group has compiled with its “Employee Handbook” and “Recruitment Management System” to recruit people of different nationalities, genders, ages, and religions in a fair and impartial manner. The Group will not tolerate any form of discrimination, including gender, sexual orientation, disability, age, ethnic group or race, family status or other personal characteristics as protected by law. The Group is committed to creating a non-discriminatory environment, and workers are evaluated based on their competencies, abilities, qualifications, and performance. Furthermore, throughout the recruiting process, candidates will not be labeled based on their gender, religion, race, color, locality, or age, and the procedure will be carried out in accordance with the principles of transparency, fairness, and legality.

⁵ Employee Turnover Rate: Total number of employees who left during the Reporting Year/Total number of employees at the end of the financial year*100%.

Employee Benefits

The Group has formulated a set of benefits to reward employees for the value and contributions they have made to support the Group's development. In addition to providing employees with general social insurance and paid vacation days in accordance with the relevant provisions of the "Employment Ordinance" (《僱傭條例》) and the "Labor Law of the PRC" (《中華人民共和國勞動法》), the Group has also implemented the "Management System on Seniority Award" to reward employees based on their length of service with the Group. An annual review for work performance assessment of the employees was performed, employees with satisfactory results will be promoted. The "Employee Handbook" stipulates that the Group operates standard working hour system, under which our employees work 8 hours per day and 5 days per week and have at least one day's rest. Overtime due to production and operation is subject to the employees' approval and in accordance with the approval procedures. Such employees will be entitled to overtime pay under the "Labor Law of the PRC" (《中華人民共和國勞動法》). In addition, the Group offers its workers free accommodation to save them time and money on travel, and the canteen offers wholesome meals at a discounted price to reduce the strain on their living expenses. The Group aims to build a sense of belonging among employees.

Health and Safety

The Group had no material non-compliance with the laws and regulations concerning occupational hygiene standards and safety in production in the PRC during the Reporting Year, including but not limited to the "Prevention and Control of Occupational Diseases" (《中華人民共和國職業病防治法》) and the "Production Safety Law of the PRC" (《中華人民共和國安全生產法》). The Group continually monitors the workplace, detects dangers, and provides appropriate training to its personnel. In the Reporting Year, there were no reported cases of injuries and no lost days due to work injury. The Group has taken all necessary measures to offer proper medical care to respective employees. Over the past three years including the Reporting Year, no work-related fatality and lost days due to work injury were recorded by the Group.

In addition, the Group has achieved the ISO 45001:2018 standard, "Occupational Health and Safety Management Systems – Requirements with guidance for use," and has prepared the "Environment, Occupational Health and Safety Manual" to help employees understand their duty to follow work safety rules. The management established goals for each department to create a secure working environment and safeguard employees from occupational hazards. The Group also formulated the "Accident Prevention and Emergency Rescue Management System" to foster all employees' understanding of the importance of workplace safety. The Group's management system adheres to the principles of "people-oriented, harm reduction, constant vigilance and prevention first, unified leadership with hierarchical responsibility, defined responsibilities and timely response". Apart from that, the Group has formulated the "Human Resources and Training Management Procedures" to specify the training sessions employees should receive to acquire the knowledge and skills required for their jobs, thereby enhancing production quality.

The Group holds frequent safety training sessions for the relevant personnel to improve their operational skills and safety awareness. It also periodically inspects fire safety facilities and identifies workplace hazards to ensure a safe working environment. In addition, the security guard will regularly check the fire safety facilities to ensure they are effective in the event of a fire. At the plant, the security commissioner conducts a daily inspection, including verifying that on-site employees hold valid identification documents and wear personal protective equipment, to ensure that qualified operating personnel work under safe conditions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition to enhancing workplace safety protocols, the Group offers its workers a range of safety training sessions and drills to improve their awareness and response in handling emergencies. For instance, fire drills and chemical spill drills are conducted regularly. The Group invited instructors from the Guangdong Fire Fighting Association to deliver fire safety knowledge to the chief officer of each department and demonstrate the operating procedures of the fire equipment. In addition, several employees of the Group have obtained the Production Safety Management Personnel Training Certificate issued by the Administration of Work Safety of Dongguan City, demonstrating our staff's professional knowledge of production safety regulations.

Additionally, the Group arranged occupational health checks for employees exposed to higher occupational risks and hazards.

Development and Training

Recognizing the criticality of talent cultivation for the Group's future development, considerable effort is dedicated to talent development and training. To enhance employees' work ability and efficiency, the Group provides targeted training tailored to the specific requirements of each role and department. The training encompasses various aspects, including on-the-job training specific to each department, technical operations, adherence to the code of conduct, and safety knowledge. These training programs aim to facilitate rapid employee adaptation to the Group's operations, enabling them to become more proficient in their roles.

During the Reporting Year, the Group has provided 254.80 hours of training to 33 employees. 21⁶% of employees are being trained, and the average training hours per employee is 1.61⁷ hours.

The percentages of trained employees of the Group are as follows:

	Percentage 2025
Percentage of Employees Trained⁸	21%
By Employee Category	
Manager	15%
Mid-level employees	85%
Entry-level employees	–
By Gender	
Male	55%
Female	45%

⁶ Total percentage of employees trained = Total number of employees trained during the financial year/Total number of employees at the end of the financial year*100%.

⁷ Average training hours completed per employee = Total number of training hours completed during the financial year/Total number of employees at the end of the financial year.

⁸ Percentage of employees trained = Number of employees trained by category during the financial year/Number of employees trained during the financial year*100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The average training hours completed per employee in relevant categories of the Group are as follows:

	Hours 2025
Averaged Training Hours Per Employee⁹	1.61
By Employee Category	
Manager	5.41
Mid-level employees	3.20
Entry-level employees	–
By Gender	
Male	1.62
Female	1.60

Labor Standards

The Group's human resources and administration department upholds stringent standards in the recruitment process. Thorough verification of the accuracy of personal data provided on résumés and application forms is conducted. During applicant interviews, the Group meticulously verifies identification documents to prevent the employment of individuals involved in child labor. The Group also have relevant internal policies in place to ensure the employees' working hours to prevent forced labor. In the event of any rule violations, the management will investigate any suspected violations and, when appropriate, take the necessary actions. Such actions may include terminating the relevant contracts and/or pursuing legal proceedings as deemed suitable.

During the Reporting Year, the Group did not record any incident of child labor or forced labor.

Supply Chain Management

The main scope of procurement for the Group includes principal raw materials, processed materials, office supplies, equipment and accessories, etc. Suppliers are mainly located in the PRC. The Group works closely with suppliers to reduce the environmental impact and risk arising from supply chain to ensure the quality of goods and services offered to the customers. To facilitate effective supply chain management, the Group has established supplier management scorecard for rating the supplier's performance.

Currently, the Group has 30 suppliers, all located in the PRC. The Group has a comprehensive set of supplier management procedures in place. The selection criteria for suppliers include product or service quality, delivery timeliness, and reliability, and an approved list of suppliers will be compiled. The Group selects suitable suppliers from the list during procurement. Besides, the suppliers are requested to provide the quality assurance reports before the delivery of the raw/processed materials and the Group conducts sample checks on raw/processed materials to ensure quality and compliance with specifications. In accordance with the requirements of ISO 14001:2015, the Group also conducts environmental investigations with suppliers and completes the "Survey on Environment from Suppliers" to understand the pollutants discharged by various suppliers during the production process and then investigates whether suppliers have complied with the relevant regulations.

⁹ Average training hours = Number of training hours completed by category during the financial year/Number of employees by category at the end of the financial year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To reduce the risks posed by the supply chain, the Group assesses its suppliers quarterly. The areas of assessment include the delivery schedule, the quality of raw/processed materials, and prices and services. All unqualified suppliers will be removed from the approved list of suppliers to ensure a good quality supply.

Product Responsibility

The Group had no material non-compliance with the laws and regulations governing product responsibilities in the PRC and Hong Kong during the Reporting Year, including but not limited to the “PRC Law on Protection of the Rights and Interests of Consumers” (《中華人民共和國消費者權益保護法》), “The Tort Law of the PRC” (《中華人民共和國侵權責任法》), “Trade Descriptions Ordinance” (《商品說明條例》) and “Sales of Goods Ordinance” (《貨品售賣條例》), which assumes civil responsibility for product descriptions and copyrights. During the Reporting Year, the Group did not recall any products it had sold or delivered for safety or health reasons.

Having been engaged in the aluminum electrolytic capacitors business for more than 10 years, the Group has established a renowned customer base, comprising over 100 customers, including well-known brands. The Group emphasizes the quality control of its products, and its product design, development and production system align with ISO 9001:2015 Quality Standard (covering all stages of its aluminum electrolytic capacitors production), as well as QC080000:2017 concerning the management of hazardous substances in the production process. Also, the Group’s quality control department is comprised of 11 staff members with 2 senior quality control personnel to oversee our Group’s quality control system, which deals with incoming quality control (IQC), processing quality control (PQC), finished goods quality control (FQC) and outgoing quality control (OQC). The Group’s senior quality control personnel have, on average, approximately 15 years of industry experience. The stringent quality control system implemented during the production process helps safeguard the quality of the raw materials, semi-finished, and finished products used or produced by the Group. In addition, at the request of some of its customers, the Group has engaged an independent third party that specializes in harmful chemical detection and testing to test its aluminum electrolytic capacitors to ensure its products meet the EU’s safety standards. Certain end users have also performed mutual quality audits on the Group’s production facility and management systems; manual and computerized inspections and reporting are conducted to ensure a stable and controlled production environment throughout the aluminum electrolytic capacitors production processes. X-ray, computerized and manual inspections are conducted at each production interval to ensure that the Group’s quality standards are met.

Final testing is conducted on every aluminum electrolytic capacitor by the quality control department before packing and shipping. This ensures that our products meet the necessary performance specifications. Packed goods are also inspected in accordance with the Group’s finished goods packaging and delivery policy to ensure product quality and safety, and to provide consumers with the most secure and suitable products.

Complaints and Responses

The Group takes all customer feedback and complaints seriously and ensures immediate follow-up actions are taken upon receipt. The Group has established a customer complaint handling procedure. In cases where complaints are received, the quality engineer from the Quality Assurance Department will investigate the incidents and issue a report that outlines the responsible department, the problem analyzed, and the corrective actions identified and implemented.

During the Reporting Year, the Group received 4 complaints, and all cases have been resolved. No products were recalled due to safety or health concerns.

Intellectual Property

The Group recognizes the importance of protecting and enforcing its intellectual property rights and strictly complies with all relevant laws and regulations that have a significant impact on it, including but not limited to the "Trade Marks Ordinance and Copyright Ordinance" in Hong Kong, and "Trademark Law" and "Patent Law" in the PRC. The Group has adopted practices to avoid infringement of intellectual property rights, such as entering into a Confidentiality Agreement ("CA") or a Non-Disclosure Agreement ("NDA") with its subcontracted manufacturer and employees, and registering intellectual property rights that are material to its business operations.

Privacy Protection

In the course of the Group's business operations, basic information of its customers, suppliers and employees is collected and maintained. Any dispatch or use of such data for other purposes is strictly prohibited. The Group has set up rules and formulated "Personal Data Policy" to handle confidential information and prohibit any leakage of information relating to the Group, its suppliers and its customers to any external parties. The Group's practices in collecting, using, and maintaining its information are in line with the "Personal Data (Privacy) Ordinance" (《個人資料(私隱)條例》) in Hong Kong and "Cybersecurity Law" (《中華人民共和國網路安全法》) in the PRC.

Anti-corruption

The Group strictly abides by the relevant laws and regulations, such as the "Prevention of Bribery Ordinance" (《防止賄賂條例》) and the Anti-Corruption and Anti-Bribery of the PRC. The Group implemented "Social Responsibility Policy", which continuously monitors to ensure strict adherence to laws and regulations at all levels, from management to staff. This includes prohibiting employees from seeking or accepting any personal benefits in relation to their work, thereby fostering a culture of integrity and preventing corruption within the organization. In addition, the Group compiles the "Reward and Penalty Management System", subject to the non-disclosure of any personal information, to encourage employees to actively report and disclose corruption, fraud, events that pose threats to public order or security, and related illegal acts. A policy is also in place to provide guidance against corruption for all employees to comply with, at the same time, it also enforces harsh punishment on corruptive behaviors such as fraudulent personal gains, private interests, and abuse of power, etc. Since the Group's business is not highly exposed to corruption risk, no training in these areas was held during the Reporting Year. Yet, the Group is capable of providing and subsidizing anti-corruption training when necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**Whistle-blowing Policy**

The Group has implemented a “Whistle-blowing Policy” to actively encourage employees to report any suspicious or fraudulent activities they may encounter. The intention is to protect whistleblowers from concerns such as breach of confidentiality and potential retaliation. Under this procedure, employees who report in good faith are safeguarded against unfair termination or victimization, even if the reports are later found to be unsubstantiated. To ensure the effectiveness of the “Whistle-blowing Policy”, the Group’s monitoring center is responsible for investigating suspected cases reported by each business unit and whistle-blowers. Upon confirmation of an occurrence, disciplinary action will be taken against the employee involved, and depending on the nature and specific circumstances of each case, further legal action may be pursued. This comprehensive approach demonstrates the Group’s commitment to maintaining a transparent and accountable work environment, where employees are encouraged to report any potentially fraudulent activities without fear of reprisal.

During the Reporting Year, the Group and its employees were not involved in any corruption-related litigation.

Community Investment

The Group recognizes that corporate development is reliant on the support of various sectors of society. In addition to focusing on business growth, the Group actively demonstrates its commitment to giving back to society. Through our community investment initiatives, we engage in a wide range of activities that contribute to social welfare, healthcare, recreation, environmental protection, and social enterprise services. Furthermore, the Group encourages and supports employee participation in community activities to foster a culture of support and care for society as a whole. During the Reporting Year, the Group donated RMB30,000 to the Dongguan City Association of Enterprises With Foreign Investment as a relief fund in support of those affected by the fire incident at Wang Fuk Court in Tai Po, Hong Kong. Moving forward, the Group will actively prioritise initiatives such as tree planting to enhance environmental sustainability, as well as volunteering programs to improve the living conditions of elderly individuals living alone.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Stock Exchange ESG Reporting Code Content Index

Part C: "Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs		
Aspect	Description	Chapter/Section
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Overview
KPI A1.1	The types of emissions and respective emissions data.	Air Emissions; Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Air Emissions; Greenhouse Gas Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous Waste; Non-hazardous Waste
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Resource Usage; Use of Resources; Energy Efficiency
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resources Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resources Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Packaging Materials

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: "Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs		
Aspect	Description	Chapter/Section
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Resource Usage
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring Society; Overview of Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
KPI B3.2	The average training hours completed per employee by gender and employee category.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: "Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs		
Aspect	Description	Chapter/Section
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Complaints and Responses
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy Protection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: "Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs		
Aspect	Description	Chapter/Section
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	ESG Management
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures		
(I) Governance		
19.(a)	<p>An issuer shall disclose information about the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <ul style="list-style-type: none"> (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities. (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities. (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and <p>(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <ul style="list-style-type: none"> (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. 	ESG Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures		
(II) Strategy		
<i>Climate-related Risks and Opportunities</i>		
20.	<p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <ul style="list-style-type: none"> (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur. (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. 	We will actively collect relevant information and disclose it where practicable.
<i>Business model and value chain</i>		
21.	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	We will actively collect relevant information and disclose it where practicable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures		
<i>Strategy and decision-making</i>		
22.	<p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: <ul style="list-style-type: none"> (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)); and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). 	<p>We will actively collect relevant information and disclose it where practicable.</p>
23	<p>An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	<p>We will actively collect relevant information and disclose it where practicable.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures		
<i>Financial position, financial performance and cash flows</i>		
24	<p style="text-align: center;">Current financial effect</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period. (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	<p>We will actively collect relevant information and disclose it where practicable.</p>
25	<p style="text-align: center;">Anticipated financial effect</p> <p>The issuer shall provide qualitative and quantitative disclosures about:</p> <ul style="list-style-type: none"> (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. 	<p>We will actively collect relevant information and disclose it where practicable.</p>

D. Climate-related Disclosures		
<i>Climate resilience</i>		
26	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer’s circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the issuer’s assessment of its climate resilience as at the reporting date, which shall enable an understanding of: <ul style="list-style-type: none"> (i) the implications, if any, of the issuer’s assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer’s assessment of its climate resilience; and (iii) the issuer’s capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; (b) how and when the climate-related scenario analysis was carried out, including: <ul style="list-style-type: none"> (i) information about the inputs used, including: <ul style="list-style-type: none"> (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out. 	<p>We will actively collect relevant information and disclose it where practicable.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures

(III) Risk Management

27	<p>An issuer shall disclose information about:</p> <ul style="list-style-type: none"> (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: <ul style="list-style-type: none"> (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related Opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. 	<p>We will actively collect relevant information and disclose it where practicable.</p>
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures		
(IV) Metrics and Targets		
Greenhouse Gas Emissions		
28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as: <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	Greenhouse Gas Emissions
29	An issuer shall: <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	Greenhouse Gas Emissions
Climate-related Transition Risks		
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	We will actively collect relevant information and disclose it where practicable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures		
<i>Climate-related Physical Risks</i>		
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	We will actively collect relevant information and disclose it where practicable.
<i>Climate-related Opportunities</i>		
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	We will actively collect relevant information and disclose it where practicable.
<i>Capital Deployment</i>		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	We will actively collect relevant information and disclose it where practicable.
<i>Internal Carbon Prices</i>		
34(a)	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	We will actively collect relevant information and disclose it where practicable.
<i>Remuneration</i>		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	We will actively collect relevant information and disclose it where practicable.
<i>Industry-based Metrics</i>		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	We will actively collect relevant information and disclose it where practicable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures		
<i>Climate-related Targets</i>		
37	<p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 	<p>We will actively collect relevant information and disclose it where practicable.</p>
38	<p>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	<p>We will actively collect relevant information and disclose it where practicable.</p>
39	<p>An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	<p>We will actively collect relevant information and disclose it where practicable.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

D. Climate-related Disclosures		
40	<p>For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	We will actively collect relevant information and disclose it where practicable.
<i>Applicability of Cross-industry Metrics and Industry-based Metrics</i>		
41	<p>In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	We will actively collect relevant information and disclose it where practicable.

INDEPENDENT AUDITOR'S REPORT



**Independent auditor's report to the shareholders of
Data Union Capital International Holdings Group Limited
(formerly known as Vertical International Holdings Limited)**
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Data Union Capital International Holdings Group Limited (formerly known as "Vertical International Holdings Limited") and its subsidiaries (together the "Group") set out on pages 84 to 147, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)**The Key Audit Matter****How the matter was addressed in our audit*****Impairment testing on property, plant and equipment and right-of-use assets***

Refer to notes 4(a), 14 and 15 of the consolidated financial statements

In view of the unfavourable financial performance of the Group during the year, the management of the Group has concluded that there is an impairment indicator and performed an impairment assessment on the cash-generating units ("CGUs") which contain certain property, plant and equipment and right-of-use assets by preparing value-in-use calculations.

We identified the impairment of property, plant and equipment and right-of-use assets as a key audit matter as the carrying amounts are significant and significant judgement is required to assess the amount of impairment of property, plant and equipment and right-of-use assets.

As disclosed in notes 4(a), 14 and 15 to the consolidated financial statements, property, plant and equipment and right-of-use assets amounted to HK\$23,503,000 and HK\$1,299,000, net of accumulated depreciation and impairment of HK\$49,214,000 and HK\$4,373,000 respectively.

Determining whether property, plant and equipment and right-of-use assets are impaired requires an estimation of the value-in-use of the cash-generating units of the Group. The value-in-use calculation requires the Group to estimate the future cash inflows/outflows expected to arise from the cash-generating units by considering the budgeted revenue and gross margins which are based on past performance and management's expectations for future changes in the market and taking into account a suitable discount rate to calculate the present value.

Our procedures in relation to impairment testing on property, plant and equipment and right-of-use assets included:

- Obtaining an understanding of the management's process and basis adopted in preparing the value-in-use calculations of the CGUs, including key inputs;
- Comparing the budgeted revenue and gross profit margin against historical performance; recent sales transactions and the management's budget;
- Evaluating the appropriateness of assumption of pre-tax discount rate used in determining the recoverable amounts;
- Evaluating the reasonableness of the growth rate applied by the management of the Group by comparing to historical performance and relevant operation plans;
- Accessing the reliability of the management's cashflow forecast by comparing the prior year's forecast with actual results; and
- Assessing the sensitivity analysis prepared by the management on the significant assumptions to evaluate the extent of impact of these assumptions on the cash flow forecasts.

KEY AUDIT MATTERS (Continued)

The Key Audit Matter

How the matter was addressed in our audit

Valuation of inventories

Refer to notes 4(b) and 17 of the consolidated financial statements

We identified the valuation of inventories as a key audit matter due to the management's use of estimation, with reference to their industry knowledge and experience at the end of the reporting period, in assessing whether the carrying amount of inventories is recoverable.

Allowance for inventories was based on the management's assessment in estimating the net realisable values of the inventories with reference to the market demand and subsequent usage or sales.

At 31 December 2025, the carrying amount of inventories is HK\$9,217,000 without any allowance for inventories recognised as disclosed in notes 4(b) and 17 to the consolidated financial statements.

Our procedures in relation to valuation of inventories included:

- Obtaining an understanding on the management's assessment in estimating the net realisable values of the inventories;
- Discussing with the management and evaluating the basis of net realisable values of inventories determined by the management, based on the management's consideration for the market demand and subsequent usage or sales;
- Assessing the accuracy of management's historical estimate of allowance for inventories to evaluate the appropriateness of the basis made by the management in the current year;
- Testing, on a sample basis, the accuracy of the inventories ageing categories by tracing the inventories movement to the sales and purchase invoices, material issue notes and goods delivery and receipt notes;
- Testing, on a sample basis, the net realisable values of raw materials and consumables, work in progress and finished goods by tracing to the materials issue notes and latest sales invoices; and
- Tracing, on a sample basis, the subsequent usage of raw materials and consumables to the materials issue notes.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)**The Key Audit Matter****How the matter was addressed in our audit*****Valuation of trade receivables***

Refer to notes 4(c), 18 and 30(c) of the consolidated financial statements

We identified the valuation of trade receivables as a key audit matter as the carrying amount of trade receivables is significant and the impairment assessment of trade receivables requires significant management judgements.

As disclosed in notes 4(c), 18 and 30(c) to the consolidated financial statements, the impairment under expected credit losses model on trade receivables are assessed individually and/or collectively using internal credit rating with appropriate groupings based on the Group's historical observed default rates, taking into consideration forward-looking information that is reasonable and supportably available to the directors of the Company without undue costs or effort, and are updated if considered to be required.

At 31 December 2025, the carrying amount of trade receivables is HK\$25,977,000 (net of allowance for credit losses of HK\$129,000).

Our procedures in relation to the valuation of trade receivables included:

- Obtaining an understanding and evaluating the key controls over credit risk assessment and management's process on reviewing the recoverability of trade receivables;
- Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded, accessing the grouping of the trade receivables based on their credit risk characteristics during the current year; and
- Testing, on a sample basis, the accuracy of ageing categories of trade receivables to the delivery notes and sales invoices.

Other information

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, but does not include 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 those charged with governance for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism 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 Group's 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.

We communicate with those charged with governance 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 those charged with governance 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with those charged with governance, 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 director on the audit resulting in this independent auditor's report is Tong Wai Hang.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 25 March 2026

Tong Wai Hang

Practising certificate number P06231

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	5	92,106	81,546
Cost of sales		(85,452)	(75,407)
Gross profit		6,654	6,139
Other income	6	1,548	2,388
Other gains and losses	7	(1,717)	3,550
Selling and distribution costs		(3,437)	(3,054)
Administrative expenses		(18,941)	(13,462)
Finance costs	8	(263)	(568)
Loss before taxation	9	(16,156)	(5,007)
Income tax expense	10	(631)	(473)
Loss for the year		(16,787)	(5,480)
Other comprehensive income/(expense) for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations, net of nil tax		1,926	(1,472)
– Released upon deregistration of a subsidiary		231	–
		2,157	(1,472)
Total comprehensive expense for the year		(14,630)	(6,952)
Loss per share		HK cents	HK cents
Basic and diluted	13	(5.83)	(1.90)

The notes on pages 90 to 147 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	14	23,503	28,218
Right-of-use assets	15	1,299	813
Intangible assets	16	123	–
		24,925	29,031
Current assets			
Inventories	17	9,217	8,946
Trade receivables	18	25,977	27,956
Bills receivables at fair value through other comprehensive income	19	558	863
Financial assets at fair value through profit or loss	20	–	5,347
Deposits, prepayments and other receivables	21	1,545	4,987
Bank balances and cash	22	25,928	19,488
		63,225	67,587
Current liabilities			
Trade payables	23	14,931	16,282
Other payables, accruals and deposit received	24	14,590	3,800
Tax payable		–	29
Lease liabilities	25	855	585
Borrowings	26	2,071	5,893
		32,447	26,589
Net current assets		30,778	40,998
Total assets less current liabilities		55,703	70,029
Non-current liability			
Lease liabilities	25	667	363
NET ASSETS		55,036	69,666

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Capital and reserves	28		
Share capital		14,400	14,400
Reserves		40,636	55,266
TOTAL EQUITY		55,036	69,666

The consolidated financial statements on pages 84 to 147 were approved and authorised for issue by the Board of Directors on 25 March 2026 and are signed on its behalf by:

Mai Junhui
Director

Zhong Chuanyong
Director

The notes on pages 90 to 147 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

	Share capital HK\$'000 (note 28(b)(i))	Share premium HK\$'000 (note 28(b)(ii))	Statutory reserve HK\$'000 (note 28(b)(iii))	Exchange reserve HK\$'000 (note 28(b)(iii))	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	14,400	73,114	10,000	(5,896)	(15,000)	76,618
Changes in equity for 2024:						
Loss for the year	-	-	-	-	(5,480)	(5,480)
Exchange differences arising on translation of foreign operations, net of nil tax	-	-	-	(1,472)	-	(1,472)
Total comprehensive expense for the year	-	-	-	(1,472)	(5,480)	(6,952)
At 31 December 2024 and 1 January 2025	14,400	73,114	10,000	(7,368)	(20,480)	69,666
Changes in equity for 2025:						
Loss for the year	-	-	-	-	(16,787)	(16,787)
Exchange differences arising on translation of foreign operations, net of nil tax	-	-	-	1,926	-	1,926
Released upon deregistration of a subsidiary	-	-	-	231	-	231
Total comprehensive income/(expense) for the year	-	-	-	2,157	(16,787)	(14,630)
At 31 December 2025	14,400	73,114	10,000	(5,211)	(37,267)	55,036

The notes on pages 90 to 147 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

	Note	2025 HK\$'000	2024 HK\$'000
Operating activities			
Loss before taxation		(16,156)	(5,007)
Adjustments for:			
– Amortisation of intangible assets	5(c)	14	–
– Depreciation of property, plant and equipment	5(c)	3,180	2,755
– Depreciation of right-of-use assets	5(c)	131	45
– Dividend income	6	–	(2)
– Interest income	6	(24)	(128)
– Gain on early termination of leases	7	–	(180)
– Impairment loss of property, plant and equipment	7	2,094	3,229
– Impairment loss of right-of-use assets	7	68	107
– Reversal of impairment loss recognised on trade receivables, net	7	(45)	(114)
– Gain on disposal of property, plant and equipment	7	(445)	(895)
– Net fair value gain on financial assets at fair value through profit or loss	7	(113)	(5,946)
– Cumulative exchange loss reclassified from equity to profit or loss upon deregistration of a subsidiary	7	231	–
– Interest expenses	8	263	568
		(10,802)	(5,568)
Operating loss before working capital changes			
Decrease in inventories		4,138	5,519
Decrease/(increase) in trade receivables		3,252	(1,290)
Decrease in bills receivables at fair value through other comprehensive income		341	1,069
Decrease in deposits, prepayments and other receivables		3,598	637
Decrease in trade payables		(1,999)	(1,388)
Increase/(decrease) in other payables, accruals and deposit received		10,614	(293)
		9,142	(1,314)
Net cash generated from/(used in) operations			
PRC Enterprise Income Tax paid		(660)	(480)
		8,482	(1,794)
Investing activities			
Purchases of property, plant and equipment		(5,284)	(4,675)
Proceeds from disposal of property, plant and equipment		3,649	758
Purchase of intangible assets		(137)	–
Dividend income		–	2
Proceeds from disposal of financial assets at fair value through profit or loss		5,460	5,482
Interest received		24	128
		3,712	1,695
Net cash generated from investing activities			

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Financing activities			
Drawdown of margin financing	31	–	2,048
Repayments of borrowings	31	(3,484)	(4,385)
Repayments of lease liabilities	31	(2,079)	(1,974)
Interest paid	31	(263)	(568)
Net cash used in financing activities		(5,826)	(4,879)
Net increase/(decrease) in cash and cash equivalents		6,368	(4,978)
Cash and cash equivalents at beginning of the year		18,404	23,591
Effect of foreign exchange rate changes		410	(209)
Cash and cash equivalents at end of the year, represented by bank balances and cash		25,182	18,404
Analysis of balance of cash and cash equivalents			
Cash and cash equivalents as stated in the consolidated statement of financial position	22	25,928	19,488
Bank overdrafts	26	(746)	(1,084)
Cash and cash equivalents as stated in the consolidated statement of cash flows		25,182	18,404

The notes on pages 90 to 147 form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

1 Company information

Data Union Capital International Holdings Group Limited (formerly known as “Vertical International Holdings Limited”) (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business has been changed from Unit 2212, 22/F, Global Gateway Tower, 63 Wing Hong Street, Cheung Sha Wan, Hong Kong to Unit 1404, 14/F, Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong on 18 July 2025.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components. As announced in the business update announcements of the Company dated 15 August 2025, 8 September 2025 and 21 January 2026, the Company established an indirectly wholly owned subsidiary in the Emirate of Dubai, the United Arab Emirates (the “UAE”) (the “Dubai Subsidiary”) which is principally engaged in the provision of software-as-a-service (“SaaS”) and digital marketing solutions through the utilisation of the Pilot Algorithm System (“PAS”).

Pursuant to a special resolution passed at the annual general meeting of the Company held on 16 May 2025, the name of the Company in English was changed from “Vertical International Holdings Limited” to “Data Union Capital International Holdings Group Limited” and the dual foreign name of the Company in Chinese from “弘浩國際控股有限公司” to “數盟資本國際控股集團有限公司”. The Certificate of Incorporation of Change of Name was issued by the Registrar of Companies of the Cayman Islands on 20 May 2025. The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 5 June 2025 certifying that the new English and Chinese names of the Company have been registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

At 31 December 2025, the immediate and ultimate holding company of the Company is Super Date Co., Ltd, a company incorporated in the British Virgin Islands (“BVI”). Its ultimate controlling party is Mr. Guo Fan.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to nearest thousands of Hong Kong dollars (“HK\$’000”) except when otherwise indicated.

2 Application of new and amendments to HKFRS Accounting Standards

(a) Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

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

Amendments to HKAS 21 Lack of Exchangeability

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

2 Application of new and amendments to HKFRS Accounting Standards (continued)

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”)

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of the HKFRS18 on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

The material accounting policies are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- (i) has power over the investee;
- (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (iii) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

(b) Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)

(c) Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Lease" ("HKFRS 16") at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- (i) the amounts of the initial measurement of the lease liabilities;
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the Group; and
- (iv) 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.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)**(c) Leases (continued)*****The Group as a lessee (continued)****Right-of-use assets (continued)*

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

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

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease.

The lease payments include:

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)

(c) Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- (i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- (ii) the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- (iii) a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

(d) Foreign currencies

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)**(e) Employee benefits*****Pension schemes***

Payments to defined contribution retirement benefit plans, government-managed retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(f) Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)

(f) Taxation (continued)

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same tax authority.

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)**(g) Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

(h) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)

(i) Impairment on property, plant and equipment and right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amounts of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)**(j) Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

(l) Provisions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)

(m) Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

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

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

Financial assets

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)**(m) Financial instruments (continued)*****Financial assets (continued)****Classification and subsequent measurement of financial assets (continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)

(m) Financial instruments (continued)

Financial assets (continued)

Bills receivables classified as FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bill receivables had been measured at amortised costs. All other changes in the carrying amount of these receivables are recognised in OCI and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits, other receivables, bank balances and bills receivables at FVTOCI) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)**(m) Financial instruments (continued)*****Financial assets (continued)****Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)*

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)

(m) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full without taking into account any collaterals held by the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)**(m) Financial instruments (continued)*****Financial assets (continued)****Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)*

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)

(m) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables, deposits, other receivables and bank balances are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For bills receivables that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

3 Material accounting policy information (continued)**(m) Financial instruments (continued)*****Financial assets (continued)****Derecognition of financial assets*

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

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

On derecognition of a debt instrument/a receivable classified as at FVTOCI, the cumulative gain or loss previously accumulative in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity*Classification as debt or equity*

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, accruals and deposit received, and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

4 Key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

(a) Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including the right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs, including allocation of corporate assets when a reasonable consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2025, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were HK\$23,503,000 (2024: HK\$28,218,000) and HK\$1,299,000 (2024: HK\$813,000) respectively, after taking into account the accumulated depreciation and impairment of HK\$49,214,000 (2024: HK\$46,298,000) and HK\$4,373,000 (2024: HK\$2,059,000) in respect of property, plant and equipment and right-of-use assets that have been recognised respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in notes 14 and 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

4 Key sources of estimation uncertainty (continued)**(b) Valuation of inventories**

Management of the Group assesses whether the carrying amounts of the inventories are recoverable and estimates the allowance for inventories based on their industry knowledge and experience at the end of the reporting period. Management estimates the amount of allowance for inventories based on the lower of cost and their estimated net realisable value. In determining the net realisable values of the Group's inventories, the management considers the market demand and subsequent usage or sales. When the actual net realisable values are lower than expectation, such difference will impact the carrying amounts of inventories.

As at 31 December 2025, the carrying amounts of inventories were approximately HK\$9,217,000 (2024: HK\$8,946,000). No allowance for inventories was recognised for the years ended 31 December 2025 and 2024.

(c) Provision of ECL for trade receivables

The Group assesses ECL on trade receivables on a collective basis. The provision rates are based on internal credit rating of debtors and groupings of various debtors, taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with certain balances which are credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates while the changes of the expected loss rates in the current year will impact the carrying amounts of trade receivables. The information about the ECL and the Group's trade receivables are disclosed in note 30(c)(iv).

As at 31 December 2025, the carrying amounts of trade receivables were approximately HK\$25,977,000 (2024: HK\$27,956,000), net of allowance for credit losses of approximately HK\$129,000 (2024: HK\$167,000).

(d) Deferred tax asset

No deferred tax asset has been recognised on the tax losses of HK\$84,043,000 due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the foreseeable future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. This uncertainty is primarily influenced by fluctuations in global demand for electronic components, changes in customer ordering patterns, and the level of pricing competition within the industry. In addition, volatility in raw material costs, and foreign exchange rates may affect the Group's operating margins and profitability. In cases where the actual future taxable profits generated are less or more than expected or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

5 Revenue and segment information

Performance obligation for contracts with customers and revenue recognition policies

Revenue is derived from the sales of manufactured aluminum electrolytic capacitors and trading of electronic components. The Group satisfied its performance obligation when the control of manufactured goods or trading goods has been transferred, being when they are delivered to the customers' specific location. The customers have neither rights to return nor rights to defer or avoid payment for goods once they are accepted by the customers. Revenue from contracts with customers is recognised at a point in time and is consistent with the segment revenue information that is disclosed for each reportable segment under HKFRS 8 "Operating Segments" ("HKFRS 8").

Information reported to the executive directors of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. Specifically, the Group's reportable segments under HKFRS 8 are as follows:

(i) Sales of manufactured aluminum electrolytic capacitors

Sales of manufactured aluminum electrolytic capacitors represents the manufacturing and selling of chip type and radial lead type aluminum electrolytic capacitors in the People's Republic of China (the "PRC").

(ii) Trading of electronic components

Trading of electronic components represents trading of a wider range of lighting products and electronic components including integrated circuits and semi-conductors such as diodes and transistors in Hong Kong and the PRC.

During the years ended 31 December 2025 and 2024, all performance obligations for contracts of sales of manufactured aluminum electrolytic capacitors and trading of electronic components are expected to fulfil in a period of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at 31 December 2025 and 2024 is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

5 Revenue and segment information (continued)

(a) Segment results

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of unallocated expenses (including administrative expenses and selling and distribution costs), other income, other gains and losses, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

	2025		
	Sales of manufactured aluminum electrolytic capacitors HK\$'000	Trading of electronic components HK\$'000	Total HK\$'000
Segment revenue under HKFRS 15			
External sales	78,779	13,327	92,106
Results			
Segment profit	6,060	594	6,654
Unallocated expenses			(22,378)
Other income			1,548
Other gains and losses			(1,717)
Finance costs			(263)
Loss before taxation			(16,156)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

5 Revenue and segment information (continued)

(a) Segment results (continued)

	2024		
	Sales of manufactured aluminum electrolytic capacitors HK\$'000	Trading of electronic components HK\$'000	Total HK\$'000
Segment revenue under HKFRS 15			
External sales	68,691	12,855	81,546
Results			
Segment profit	<u>5,717</u>	<u>422</u>	6,139
Unallocated expenses			(16,516)
Other income			2,388
Other gains and losses			3,550
Finance costs			<u>(568)</u>
Loss before taxation			<u>(5,007)</u>

There were no inter-segment sales for both years.

(b) Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

5 Revenue and segment information (continued)

(c) Other segment information

	2025			
	Sales of manufactured aluminum electrolytic capacitors HK\$'000	Trading of electronic components HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	1,997	–	–	1,997
Depreciation of right-of-use assets	1,959	–	–	1,959
Amounts regularly provided to the CODM but not included in the measurement of segment results:				
Additions to property, plant and equipment	4,839	433	12	5,284
Additions to right-of-use assets	–	–	786	786
Lease modification on right-of-use assets	1,821	–	–	1,821
Additions to intangible assets	–	–	137	137
Amortisation on intangible assets	–	–	14	14
Bank interest income	(16)	(7)	(1)	(24)
Depreciation of property, plant and equipment	2,267	912	1	3,180
Depreciation of right-of-use assets	–	–	131	131
Reversal of impairment loss on trade receivables	(40)	(5)	–	(45)
Impairment loss on property, plant and equipment	2,058	36	–	2,094
Impairment loss on right-of-use assets	68	–	–	68
Interest on borrowings	–	190	–	190
Interest on lease liabilities	54	–	19	73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

5 Revenue and segment information (continued)

(c) Other segment information (continued)

	2024		
	Sales of manufactured aluminum electrolytic capacitors HK\$'000	Trading of electronic components HK\$'000	Total HK\$'000
Amounts included in the measure of segment results:			
Depreciation of property, plant and equipment	3,583	–	3,583
Depreciation of right-of-use assets	1,996	–	1,996
Amounts regularly provided to the CODM but not included in the measurement of segment results:			
Additions to property, plant and equipment	4,675	–	4,675
Additions to right-of-use assets	2,933	–	2,933
Bank interest income	(91)	(37)	(128)
Depreciation of property, plant and equipment	1,820	935	2,755
Depreciation of right-of-use assets	–	45	45
Reversal of impairment loss on trade receivables	(95)	(19)	(114)
Impairment loss on property, plant and equipment	3,136	93	3,229
Impairment loss on right-of-use assets	107	–	107
Interest on borrowings	–	521	521
Interest on lease liabilities	47	–	47

(d) Geographical information

The following table provides an analysis of the Group's revenue from external customers by the location of customers:

	2025 HK\$'000	2024 HK\$'000
The PRC	76,298	68,858
Japan	15,381	12,164
Hong Kong	411	491
Macau	16	33
	92,106	81,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

5 Revenue and segment information (continued)

(d) Geographical information (continued)

The following is an analysis of the carrying amounts of the Group's non-current assets (i.e. property, plant and equipment and right-of-use assets and intangible assets), analysed by the geographical area in which the assets are located:

	2025 HK\$'000	2024 HK\$'000
Hong Kong	4,995	4,720
The PRC	19,930	24,311
	24,925	29,031

(e) Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Customer A (note 1)	14,845	12,164
Customer B (note 2)	N/A [#]	9,445

[#] The corresponding revenue did not contribute 10% or more of the total revenue.

Note 1: Revenue from sales of manufactured aluminum electrolytic capacitors and trading of electronic components.

Note 2: Revenue from sales of manufactured aluminum electrolytic capacitors.

(f) Disaggregation of revenue by the timing of revenue recognition is as follows:

	2025 HK\$'000	2024 HK\$'000
Recognised at a point in time:		
Sales of manufactured aluminum electrolytic capacitors	78,779	68,691
Trading of electronic components	13,327	12,855
	92,106	81,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

6 Other income

	2025 HK\$'000	2024 HK\$'000
Bank interest income	24	128
Dividend income	–	2
Government grants (<i>note 1</i>)	507	–
Handling charges income	536	1,630
Scrap sales	49	93
Sundry income	86	219
Value-added tax deduction (<i>note 2</i>)	346	316
	1,548	2,388

Note 1: Government grants during the year ended 31 December 2025 represented Government subsidy related to “The Dedicated Fund on Branding, Upgrading and Domestic Sales (“the BUD Fund”) – Mainland Programme” provided by the Government of the Hong Kong Special Administrative Region to a subsidiary in Hong Kong. The purpose of the funding is to assist enterprises in exploring and developing the PRC market through developing brands, upgrading and restructuring their operations and promoting domestic sales in the PRC.

Note 2: Value-added tax deduction during the year ended 31 December 2025 and 2024 represented incentive subsidy for a subsidiary in the PRC as a High and New Technology Enterprise.

No specific conditions attached to the above grants and deduction, therefore, the Group recognised the grant and deduction in profit or loss upon receipt.

7 Other gains and losses

	2025 HK\$'000	2024 HK\$'000
Gain on early termination of leases	–	180
Impairment loss on property, plant and equipment	(2,094)	(3,229)
Impairment loss on right-of-use assets	(68)	(107)
Reversal of impairment loss recognised on trade receivables, net	45	114
Gain on disposal of property, plant and equipment	445	895
Net foreign exchange gain/(losses)	73	(249)
Net fair value gain on financial assets at FVTPL	113	5,946
Cumulative exchange loss reclassified from equity to profit or loss upon deregistration of a subsidiary	(231)	–
	(1,717)	3,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

8 Finance costs

	2025 HK\$'000	2024 HK\$'000
Interest on borrowings	190	521
Interest on lease liabilities	73	47
	263	568

9 Loss before taxation

Loss before taxation has been arrived at after charging:

	2025 HK\$'000	2024 HK\$'000
Cost of inventories recognised as expenses	81,145	71,125
Amortisation of intangible assets	137	–
Depreciation of property, plant and equipment	5,177	6,338
Depreciation of right-of-use assets	2,090	2,041
	7,404	8,379
Employee benefit expense (including directors' remuneration (note 12))		
Wages and salaries	20,292	17,975
Contributions to retirement benefits schemes	2,252	1,863
	22,544	19,838
Auditor's remuneration	610	580
Expenses relating to short-term leases	32	16
Research expenses (included in cost of sales)	4,307	4,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

10 Income tax expense

	2025 HK\$'000	2024 HK\$'000
PRC Enterprise Income Tax – PRC withholding tax	631	473

No provision for taxation in Hong Kong has been made for the year (2024: HK\$Nil) as the Company and its subsidiaries incorporated in Hong Kong have no assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Pursuant to the relevant laws and regulations in the PRC, a subsidiary in the PRC, 東莞首科電子科技有限公
司, has been granted tax incentives as a High and New Technology Enterprise and is entitled to a preferential tax rate of 15% and renewal in every three years.

The Group is subjected to the PRC withholding tax of 5% on dividend income from PRC subsidiaries.

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

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(16,156)	(5,007)
Tax at the applicable tax rate of 15% (2024: 15%)	(2,423)	(751)
Tax effect of expenses not deductible for tax purpose	307	319
Tax effect of income not taxable for tax purpose	(208)	(1,127)
Tax effect of temporary differences not recognised	(233)	(148)
Tax effect of tax losses not recognised	2,586	1,648
Effect of different tax rates of subsidiaries operating in other jurisdiction	(29)	59
The PRC withholding tax	631	473
Actual tax expense	631	473

The applicable tax rate (which is the PRC preferential tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

11 Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

12 Emoluments of directors and chief executive and employees

(a) Directors and chief executive

Directors' and chief executive's remuneration paid or payable (including emoluments for the services as employees of the Group entities prior to becoming directors of the Company) by the entities comprising the Group during the year, disclosed pursuant to the applicable GEM Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	2025				
	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance related bonus (note 1) HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
Present directors					
Executive directors					
Mr. Mai Junhui (Chief executive) (note 2)	603	-	-	-	603
Mr. Zhong Chuanyong (note 4)	438	-	-	15	453
Independent non- executive directors					
Mr. Deng Kaihong (note 3)	73	-	-	-	73
Mr. Wu Yuantao (note 3)	73	-	-	-	73
Ms. Li Weiwei (note 4)	60	-	-	-	60
Former directors					
Executive directors					
Mr. Boon Ho Yin Henry (Chief executive) (note 5)	178	63	293	3	537
Ms. Chow Cheung Chu (note 5)	120	-	60	3	183
Independent non- executive directors					
Mr. Liu Kwan (note 5)	12	-	-	-	12
Mr. Chik Kin Man Paul (note 5)	12	-	-	-	12
Mr. Wong Wai Leung (note 5)	25	-	-	-	25
	1,594	63	353	21	2,031

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)**12 Emoluments of directors and chief executive and employees (continued)****(a) Directors and chief executive (continued)**

	2024				
	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance related bonus (note 1) HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
Present directors					
Executive directors					
Mr. Mai Junhui (Chief executive) (note 2)	-	-	-	-	-
Independent non-executive directors					
Mr. Deng Kaihong (note 3)	-	-	-	-	-
Mr. Wu Yuantao (note 3)	-	-	-	-	-
Former directors					
Executive directors					
Mr. Boon Ho Yin Henry (Chief executive) (note 5)	1,150	1,255	156	18	2,579
Ms. Chow Cheung Chu (note 5)	720	-	59	18	797
Independent non-executive directors					
Mr. Liu Kwan (note 5)	76	-	-	-	76
Mr. Chik Kin Man Paul (note 5)	76	-	-	-	76
Mr. Wong Wai Leung (note 5)	151	-	-	-	151
	2,173	1,255	215	36	3,679

Note 1: The performance related bonus is determined with reference to the operating results and individual performance during both years.

Note 2: Appointed on 27 December 2024. Upon the resignation of Mr. Boon Ho Yin Henry on 27 February 2025, Mr. Mai Junhui has become the chief executive of the Company.

Note 3: Appointed on 27 December 2024.

Note 4: Appointed on 27 February 2025.

Note 5: Resigned on 27 February 2025.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

12 Emoluments of directors and chief executive and employees (continued)

(a) Directors and chief executive (continued)

The five highest paid employees of the Group during the year included one (2024: two) director, details of whose remunerations are set out above. Details of the remuneration for the year of the remaining four (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowance	4,050	1,107
Performance related bonus (<i>note</i>)	217	–
Contributions to retirement benefits schemes	47	80
	4,314	1,187

Note: The performance related bonus is determined with reference to the operating results and individual performance during both years.

(b) Employees

The number of the highest paid employees who are not directors nor chief executive of the Company whose remuneration fell within the following bands is as follows:

	2025 Number of employees	2024 Number of employees
Nil to HK\$1,000,000	3	3
HK\$1,500,001 to HK\$2,000,000	1	–

No emoluments were paid by the Group to the directors of the Company or the five highest paid employees (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2025 and 2024. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration for both years.

13 Loss per share

The calculation of the basic loss per share is based on the following data:

	2025 HK\$'000	2024 HK\$'000
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year)	(16,787)	(5,480)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	288,000	288,000

The diluted loss per share is the same as the basic loss per share for both 2025 and 2024 as there were no potential ordinary shares in issue for both 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)**14 Property, plant and equipment**

	Leasehold land and building HK\$'000	Leasehold improvements HK\$'000	Furniture and office equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles and yacht HK\$'000	Total HK\$'000
Cost						
At 1 January 2024	5,573	3,455	2,360	69,745	5,380	86,513
Currency realignment	-	(107)	(65)	(1,310)	(14)	(1,496)
Additions	-	-	127	4,548	-	4,675
Transfer	-	-	-	-	676	676
Written off/disposal	-	-	(47)	(15,805)	-	(15,852)
At 31 December 2024 and 1 January 2025	5,573	3,348	2,375	57,178	6,042	74,516
Currency realignment	-	160	94	1,468	22	1,744
Additions	-	-	108	4,743	433	5,284
Written off/disposal	-	-	(448)	(8,379)	-	(8,827)
At 31 December 2025	5,573	3,508	2,129	55,010	6,497	72,717
Depreciation and impairment						
At 1 January 2024	1,364	1,815	1,742	38,706	3,804	47,431
Currency realignment	-	(74)	(50)	(813)	(14)	(951)
Provided for the year	168	998	247	4,152	773	6,338
Impairment loss recognised	-	70	55	3,008	96	3,229
Transfer	-	-	-	-	676	676
Elimination on written off/disposal	-	-	(38)	(10,387)	-	(10,425)
At 31 December 2024 and 1 January 2025	1,532	2,809	1,956	34,666	5,335	46,298
Currency realignment	-	142	76	1,031	19	1,268
Provided for the year	168	356	184	3,726	743	5,177
Impairment loss recognised	-	19	29	2,007	39	2,094
Elimination on written off/disposal	-	-	(403)	(5,220)	-	(5,623)
At 31 December 2025	1,700	3,326	1,842	36,210	6,136	49,214
Carrying values						
At 31 December 2025	3,873	182	287	18,800	361	23,503
At 31 December 2024	4,041	539	419	22,512	707	28,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

14 Property, plant and equipment (continued)

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	Over the estimated useful lives of 33 years or the term of lease whichever is shorter
Leasehold improvements	Over the estimated useful lives of 5 years or the term of lease whichever is shorter
Furniture and office equipment	19% – 20%
Plant and machinery	9% – 10%
Motor vehicles and yacht	20%

The leasehold interests in land in Hong Kong are accounted for as property, plant and equipment, as the allocation between the land and building elements cannot be made reliably.

The leasehold land and building with the carrying value of HK\$3,873,000 (2024: HK\$4,041,000) is pledged to a bank to secure banking facilities of HK\$3,870,000 (2024: HK\$3,845,000) granted to the Group.

Impairment assessment

With reference to the unfavourable financial performance and recent market condition, the management of the Group concluded that there was an indication for impairment and conducted an impairment assessment on certain property, plant and equipment and right-of-use assets as at 31 December 2025 and 2024.

As at 31 December 2025, the recoverable amount of cash-generating unit from sales of manufactured aluminum electrolytic capacitors has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following five years annual growth rate of 2.5% (2024: 1.7%) with a pre-tax discount rate of 12.8% (2024: 14.2%). The cash flows beyond the five-year period are extrapolated using 2.0% (2024: 2.0%) growth rate. Another key assumption for the value-in-use calculated is the budget gross margin, which is determined based on the cash-generating unit's past performance and management expectations for the market development.

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

Based on the value-in-use calculation and the allocation described above, certain property, plant and equipment and right-of-use assets were impaired to their recoverable amount of HK\$23,503,000 (2024: HK\$28,218,000) and HK\$1,299,000 (2024: HK\$813,000) respectively, which were their carrying values at the end of the reporting period and the impairment loss of HK\$2,094,000 (2024: HK\$3,229,000) and HK\$68,000 (2024: HK\$107,000) have been recognised against the carrying amount of property, plant and equipment and right-of-use assets respectively during the year within the relevant functions to which these assets relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

15 Right-of-use assets

	Leased properties HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost			
At 1 January 2024	5,007	676	5,683
Currency realignment	(122)	–	(122)
Additions	2,933	–	2,933
Transfer	–	(676)	(676)
Adjustment as a result of early termination of leases	(2,851)	–	(2,851)
Written-off	(2,095)	–	(2,095)
At 31 December 2024 and 1 January 2025	2,872	–	2,872
Currency realignment	193	–	193
Additions	786	–	786
Lease modification	1,821	–	1,821
At 31 December 2025	5,672	–	5,672
Depreciation and impairment			
At 1 January 2024	3,714	631	4,345
Currency realignment	(90)	–	(90)
Provided for the year	1,996	45	2,041
Transfer	–	(676)	(676)
Adjustment as a result of early termination of leases	(1,573)	–	(1,573)
Written-off	(2,095)	–	(2,095)
Impairment loss recognised	107	–	107
At 31 December 2024 and 1 January 2025	2,059	–	2,059
Currency realignment	156	–	156
Provided for the year	2,090	–	2,090
Impairment loss recognised	68	–	68
At 31 December 2025	4,373	–	4,373
Carrying values			
At 31 December 2025	1,299	–	1,299
At 31 December 2024	813	–	813

For both years, the Group leases various offices, factories and motor vehicles for its operations. Lease contracts are entered into for a fixed term of 1.00 – 5.00 years (2024: 1.25 – 5.00 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

15 Right-of-use assets (continued)

Amounts included in the consolidated statement of cash flows comprise of cash outflow for leases of HK\$32,000 and HK\$2,152,000 (2024: HK\$16,000 and HK\$2,021,000) in operating and financing activities respectively.

16 Intangible assets

	Computer software HK\$'000
Cost	
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Additions	137
At 31 December 2025	137
Amortisation	
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Provided for the year	14
At 31 December 2025	14
Carry values	
At 31 December 2025	123
At 31 December 2024	–

The above intangible assets are amortised on a straight-line basis over 1-3 years.

17 Inventories

	2025 HK\$'000	2024 HK\$'000
Raw materials and consumables	2,258	2,095
Work in progress	4,014	3,513
Finished goods	2,945	3,338
	9,217	8,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

18 Trade receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables	26,106	28,123
Less: Allowance for credit losses	(129)	(167)
	25,977	27,956

The credit period allowed by the Group to its customers was up to 30 – 120 days (2024: 30 – 120 days) from the date of issuing invoices. The following is an ageing analysis of trade receivables based on the dates of delivery of goods which is also the revenue recognition point, net of allowance for credit losses at the end of each reporting period:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	8,494	6,022
31 to 60 days	6,631	9,525
61 to 90 days	4,164	4,469
91 to 180 days	4,539	3,584
181 days to 1 year	2,059	4,304
Over 1 year	90	52
	25,977	27,956

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed periodically.

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$14,332,000 (2024: HK\$15,441,000) which are past due over 90 days but not considered as in default based on good repayment records for those customers and continuous business with the Group. The following table provides information about the Group's exposure to credit risk of trade receivables as at 31 December 2025:

	2025 HK\$'000	2024 HK\$'000
Current (not past due)	11,645	12,515
Less than 90 days past due	13,744	11,043
90 days to 1 year past due	556	4,352
Over 1 year	32	46
	25,977	27,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

18 Trade receivables (continued)

Refer to note 30(c)(iv) for credit risk assessment for trade receivables.

The Group's trade receivables that are denominated in currencies other than the functional currencies of relevant group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
Denominated in Hong Kong Dollars ("HK\$")	45	628
Denominated in United States Dollars ("US\$")	1,273	3,192

19 Bills receivables at fair value through other comprehensive income

The following is an ageing analysis of bills receivables at FVTOCI presented based on the issuance dates at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	–	10
31 to 60 days	190	–
61 to 90 days	17	318
91 to 180 days	351	535
	558	863

Bills receivables were those bills not yet due at the end of the reporting period and the management considered the default rate was low as the Group did not encounter any default on bills receivables based on the past experience. All bills received by the Group were with a maturity period of less than one year.

Considering the bills receivables are held by the Group for both collection of contractual cash flows and selling of the related financial assets (via the endorsement of bills receivables to suppliers as the Group's settlement of related payable balances), the Group has designated bills receivables as financial assets as FVTOCI.

20 Financial assets at fair value through profit or loss

	2025 HK\$'000	2024 HK\$'000
Listed securities held for trading		
– Equity securities listed in the United States of America	–	5,347

At 31 December 2024, equity securities of HK\$5,347,000 were pledged as security for credit facilities granted to the Group. All listed securities have been disposed during the year ended 31 December 2025. The entire equity securities were disposed of during the year ended 31 December 2025.

The Group's equity securities at FVTPL that were denominated in currencies other than the functional currencies of relevant group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
Denominated in US\$	–	5,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

21 Deposits, prepayments and other receivables

	2025 HK\$'000	2024 HK\$'000
Prepayments	791	329
Other receivables	168	4,203
Deposits	586	455
	1,545	4,987

In determining the ECL for other receivables, the directors have made individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with repayments, and concluded that credit risk inherent in the Group's outstanding other receivables is insignificant.

22 Bank balances and cash

	2025 HK\$'000	2024 HK\$'000
Cash on hand and at bank in the consolidated statement of financial position	25,928	19,488
Bank overdrafts (<i>note 26</i>)	(746)	(1,084)
Cash and cash equivalents in the consolidated statement of cash flows	25,182	18,404

Bank balances carry interests at variable rates ranging from 0.01% to 0.45% (2024: 0.01% to 0.50%) per annum.

The subsidiaries of the Group which were established in the PRC maintained RMB denominated bank balances, the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

The Group's bank balance on cash that are denominated in currencies other than the functional currencies of relevant group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
Denominated in HK\$	6	6
Denominated in US\$	1,714	3,933
Denominated in Japanese Yen ("JPY")	–	1,238

As at 31 December 2025, the Group performed an impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

23 Trade payables

	2025 HK\$'000	2024 HK\$'000
Trade payables	14,931	16,282

The credit period of trade payables granted by suppliers ranged from 0 to 90 days (2024: 0 to 90 days) upon the issuance of invoices.

The following is an aged analysis of trade payables based on the invoice dates.

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	8,835	8,444
31 to 60 days	3,017	3,266
61 to 90 days	1,717	2,226
91 to 180 days	882	2,340
181 days to 1 year	–	4
Over 1 year	480	2
	14,931	16,282

The Group's trade payables that are denominated in currency other than the functional currencies of relevant group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
Denominated in US\$	973	3,304

24 Other payables, accruals and deposit received

	2025 HK\$'000	2024 HK\$'000
Other payables	774	234
Value added tax payables	1,793	1,283
Accrued staff salaries and allowance	1,455	1,223
Accrued expenses	1,568	1,060
Deposits received (note)	9,000	–
	14,590	3,800

Note: These deposits were received as a security under brand agency agreements and are refundable upon fulfilment of contractual conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)**25 Lease liabilities**

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	855	585
After one year but within two years	439	141
After two years but within five years	228	222
	1,522	948

26 Borrowings

	2025 HK\$'000	2024 HK\$'000
Bank overdrafts, secured	746	1,084
Interest-bearing bank borrowings, secured	1,325	2,761
Margin financing, secured	–	2,048
	2,071	5,893
Carrying amount repayable, based on scheduled repayments:		
– Within one year	1,370	4,474
– After one year but within two years	346	715
– After two years but within five years	355	704
	2,071	5,893
Less: Amounts included under current liabilities (including borrowings with a repayable on demand clause)	(2,071)	(5,893)
	–	–

The bank overdrafts amounting to HK\$746,000 (2024: HK\$1,084,000) as at 31 December 2025 carry interest at prevailing best lending rate.

The bank borrowings carry interest at best lending rate plus/minus certain basis points. The average of effective interest rates (which are also equal to contracted interest rates) is from 2.59% to 5.88% (2024: 2.65% to 7.35%) per annum.

As at 31 December 2025, bank borrowings amounting to HK\$1,325,000 (2024: HK\$2,761,000) and bank overdrafts amounting to HK\$746,000 (2024: HK\$1,084,000) were secured by corporate guarantee from the Company and a subsidiary and the personal guarantee from Mr. Boon Ho Yin Henry, the director of certain subsidiaries, together with the Group's leasehold land and building as set out in note 14.

As at 31 December 2024, margin financing amounting to HK\$2,048,000 carried interest at long margin rate, with its fixed rate of 4.80% per annum, and was secured by certain equity securities held in a margin securities account as set out in note 20. All margin financing has been repaid during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

27 Deferred tax

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC companies from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK\$16,839,000 (2024: HK\$30,381,000), as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has unused tax losses of approximately HK\$84,043,000 (2024: HK\$69,648,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams of those subsidiaries. Unrecognised tax losses of HK\$5,159,000 (2024: HK\$5,912,000) will expire up to 31 December 2029 and the remaining unrecognised tax losses can be carried forward indefinitely. Other temporary differences are not material.

28 Capital and reserves

(a) Share capital

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,000,000	50,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	288,000	14,400

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law, Chapter 22 of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall in the ordinary course of business.

(ii) Statutory reserve

This represents statutory reserve of the subsidiaries in the PRC. According to the relevant laws in the PRC, the subsidiaries in the PRC are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

28 Capital and reserves (continued)

(b) Nature and purpose of reserves (continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which are dealt with in accordance with the accounting policies as set out in note 3(d).

29 Capital risk management

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

The capital structure of the Group consists of debt, which includes the lease liabilities and borrowings disclosed in notes 25 and 26 respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

30 Financial instruments

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at amortised cost	52,659	52,102
Financial assets at FVTPL	–	5,347
Bills receivables at FVTOCI	558	863
Financial liabilities		
Financial liabilities at amortised cost	31,321	25,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

30 Financial instruments (continued)**(b) Financial risk management objectives and policies**

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

(c) Market risks**(i) Currency risk**

The Group's exposure to currency risk mainly arises from the fluctuation of US\$ and RMB against the functional currencies of the relevant entities now comprising the Group. The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities other than the functional currencies of the relevant entities comprising the Group are as follows. The management closely monitors foreign exchange exposure to mitigate the foreign currency risk.

	2025		2024	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
HK\$	51	–	634	–
US\$	2,987	(1,004)	12,008	(3,304)
JPY	–	–	1,238	–

Sensitivity analysis

It is assumed that the pegged rate between Hong Kong dollars and United States dollars would be materially unaffected by any changes in movement in value of United States dollars against other currencies and thus the sensitivity analysis is not presented.

No sensitivity analysis for other foreign currencies is presented as the management consider that the effect is insignificant.

The Group is mainly operated in its local jurisdiction with most of the transactions settled in its functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

30 Financial instruments (continued)**(c) Market risks (continued)****(ii) Interest rate risk**

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and borrowings as disclosed in notes 22 and 26 due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis has been determined based on the net exposure to interest rates for variable-rate bank balances and bank borrowings. The analysis is prepared assuming the amount of liability outstanding at each reporting period end was outstanding for the whole year. A 100-basis point increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates. The exposure to the interest rate risk for variable-rate bank balances and bank borrowings is insignificant in view of the low interest rate and therefore the sensitivity analysis is not presented.

(iii) Other price risk

The Group has not exposed to significant other price risk for the year ended 31 December 2024.

(iv) Credit risk and impairment assessment

As at 31 December 2025, the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position best represents the Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of the reporting period.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or collectively by grouping debtors based on the Group's internal credit rating. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 20% (2024: 32%) of the total gross trade receivables was due from the Group's largest trade debtors which are over 10% (2024: 10%) of the total gross trade receivables, and 45% (2024: 55%) of the total gross trade receivables was due from the five largest debtors, respectively.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

30 Financial instruments (continued)**(c) Market risks (continued)****(iv) Credit risk and impairment assessment (continued)**

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

Internal credit rating	Description	Trade receivables	Other financial assets
Group A	The counterparty has low risk of default based on historical repayment records and has a good reputation.	Lifetime ECL – not credit-impaired	12-month ECL – not credit-impaired
Group B	The counterparty has higher credibility but sometimes repays after due dates.	Lifetime ECL – not credit-impaired	12-month ECL – not credit-impaired
Group C	The counterparty usually settles after due day with a higher risk of default.	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Group D	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Group E	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

30 Financial instruments (continued)

(c) Market risks (continued)

(iv) Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets at amortised cost	Note	External credit rating	Internal credit rating	12-month or lifetime ECL
Trade receivables	18	N/A	(note 1)	Lifetime ECL – not credit-impaired
Deposits and other receivables	21	N/A	Group D (note 2)	Lifetime ECL – credit-impaired
Bank balances	22	A – A+	N/A	12-month ECL

Debt instruments at FVTOCI	Note	External credit rating	Internal credit rating	12-month or lifetime ECL
Bills receivables at FVTOCI	19	A+	N/A	12-month ECL

Note 1: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating based on historical repayment records and reputation.

Note 2: For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed within lifetime ECL.

	2025			
	Average loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Internal credit rating				
Group A	0.3%	23,357	(63)	23,294
Group B	1.8%	2,655	(49)	2,606
Group C	4.9%	81	(4)	77
Group D	100%	13	(13)	–
		26,106	(129)	25,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

30 Financial instruments (continued)

(c) Market risks (continued)

(iv) Credit risk and impairment assessment (continued)

	2024			
	Average loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Internal credit rating				
Group A	0.3%	25,428	(69)	25,359
Group B	1.9%	2,618	(49)	2,569
Group C	3.4%	29	(1)	28
Group D	100%	48	(48)	–
		<u>28,123</u>	<u>(167)</u>	<u>27,956</u>

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

The following table shows the movement in lifetime ECL that has been recognised for trade receivables.

	Lifetime ECL (non credit-impaired) HK\$'000	Lifetime ECL (credit-impaired) HK\$'000	Total HK\$'000
At 1 January 2024	253	34	287
Currency realignment	(20)	14	(6)
Reversal of impairment loss recognised	(114)	–	(114)
At 31 December 2024 and 1 January 2025	119	48	167
Currency realignment	11	(4)	7
Reversal of impairment loss recognised	(14)	(31)	(45)
At 31 December 2025	116	13	129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)**30 Financial instruments (continued)****(c) Market risks (continued)****(v) Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

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

	Weighted average interest rate	On demand or within one year HK\$'000	One to two years HK\$'000	Two to five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 December 2025						
Trade payables	-	14,931	-	-	14,931	14,931
Other payables, accruals and deposit received	-	12,797	-	-	12,797	12,797
Lease liabilities	4.47%	898	460	231	1,589	1,522
Borrowings	5.02%	2,082	-	-	2,082	2,071
		30,708	460	231	31,399	31,321
At 31 December 2024						
Trade payables	-	16,282	-	-	16,282	16,282
Other payables, accruals and deposit received	-	2,517	-	-	2,517	2,517
Lease liabilities	3.95%	605	153	229	987	948
Borrowings	5.01%	5,905	-	-	5,905	5,893
		25,309	153	229	25,691	25,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

30 Financial instruments (continued)**(c) Market risks (continued)****(v) Liquidity risk (continued)**

Borrowings with a repayment on demand clause are included in the “on demand or within one year” time band in the above maturity analysis. As at 31 December 2025, the aggregate carrying amounts of these borrowings amounted to HK\$2,071,000 (2024: HK\$5,893,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment and believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	2025 HK\$'000	2024 HK\$'000
Maturity Analysis – Borrowings with a repayment on demand clause based on scheduled repayments		
Within one year	1,490	4,578
After one year but within two years	360	748
After two years but within five years	360	727
Total undiscounted cash outflows	2,210	6,053
Carrying amount	2,071	5,893

(vi) Fair value measurements of financial instruments

The Group’s bills receivables at FVTOCI and financial assets at FVTPL are measured at fair value at the end of each reporting period on a recurring basis. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value at 31 December 2025	Fair value at 31 December 2024	Fair value hierarchy	Valuation techniques and key inputs
Bills receivables at FVTOCI (note)	HK\$558,000	HK\$863,000	Level 2	Discounted cash flow method. The key input is market interest rate.
Equity securities at FVTPL	–	HK\$5,347,000	Level 1	Quoted bid prices in an active market.

Note: The discounted cash flow method uses only observable market input.

There is no transfer between different levels of the fair value hierarchy for the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

30 Financial instruments (continued)**(c) Market risks (continued)****(vi) Fair value measurements of financial instruments (continued)**

	Fair value hierarchy			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
At 31 December 2025				
Bills receivables at FVTOCI	–	558	–	558
At 31 December 2024				
Bills receivables at FVTOCI	–	863	–	863
Equity securities at FVTPL	5,347	–	–	5,347
	5,347	863	–	6,210

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial position approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

31 Reconciliation of liabilities arising from financing activities

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

	Lease liabilities <i>(note 25)</i> HK\$'000	Borrowings <i>(note 26)</i> HK\$'000	Total HK\$'000
At 1 January 2024	1,485	7,146	8,631
Financing cash flows, net	(2,021)	(1,816)	(3,837)*
New leases entered	2,933	–	2,933
Adjustment as a result of early termination of leases	(1,458)	–	(1,458)
Finance costs	47	521	568
Exchange adjustments	(38)	42	4
At 31 December 2024 and 1 January 2025	948	5,893	6,841
Financing cash flows, net	(2,152)	(4,040)	(6,192)*
New leases entered	786	–	786
Lease modification	1,821	–	1,821
Finance costs	73	190	263
Exchange adjustments	46	28	74
At 31 December 2025	1,522	2,071	3,593

* The financing cash flows make up the net amount of repayment of bank borrowings and lease liabilities and interest paid on bank borrowings and lease liabilities in the consolidated statement of cash flows.

32 Related party disclosures

(a) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company and certain of the highest paid employee as disclosed in note 12, is as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	5,566	4,275
Post-employment benefits	83	73
	5,649	4,348

(b) Bank borrowings and bank overdrafts were secured by related parties as disclosed in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

32 Related party disclosures (continued)

(c) Other related party transactions

Save as disclosed above and elsewhere in these consolidated financial statements, the Group did not have any material related party transactions during the years ended 31 December 2025 and 2024.

33 Major non-cash transactions

During the year ended 31 December 2025, the Group has a lease modification for the use of a leased property. On the lease commencement, the Group recognised HK\$1,821,000 of right-of-use assets and HK\$1,821,000 of lease liabilities.

During the year ended 31 December 2025 and 2024, the Group entered into a new lease agreement for the use of a leased property. On the lease commencement, the Group recognised HK\$786,000 (2024: HK\$2,933,000) of right-of-use assets and HK\$786,000 (2024: HK\$3,933,000) of lease liabilities.

34 Retirement benefit plans

(a) Defined contribution plans

The Group operates a MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. Contribution to the plan vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. Contribution to the plan vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

The total expenses recognised in profit or loss of HK\$2,252,000 (2024: HK\$1,863,000) represents contributions paid and payable to these plans by the Group at rates specified in the rules of the plans.

35 Commitment

Commitment outstanding at the end of the reporting period not provided for in the consolidated financial statements is as follows:

	2025 HK\$'000	2024 HK\$'000
Contracted but not provided for acquisition of intangible assets	4,359	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

36 Subsequent events**Placing agreement**

On 29 December 2025, the Company entered into a placing agreement with Aristo Securities Limited, the placing agent, to procure not less than six places who are independent third parties to subscribe for up to 57,600,000 placing shares at the placing price of HK\$0.99 per placing share (the "Placing").

On 21 January 2026, the Board announced that all the conditions precedent set out in the placing agreement had been fulfilled and the placing was completed in accordance with the terms of the placing agreement. Following the completion of the placing and the insurance of the placing shares, the newly issued shares represented approximately 16.67% of the Company's enlarged issued share capital.

The gross proceeds from the Placing amounted to HK\$57,024,000, with net proceeds of approximately HK\$55,400,000 after deducting costs, including but not limited to legal and professional fees, placing commissions, and levies.

SaaS

The Group expanded its PRC operations through the establishment of a wholly-owned subsidiary. It also entered into a SaaS distribution contract in Macau with an independent third party and established a strategic cooperation framework for cloud computing and internet services, with specific service terms to be agreed separately. Details are set out in the Company's announcements dated 26 January 2026, 2 February 2026 and 11 February 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

37 Particulars of subsidiaries of the Company

Name of subsidiary	Place of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Company		Principal activities
				2025	2024	
Directly held						
Vertical Technology (B.V.I.) Limited	BVI	Hong Kong	US\$1	100%	100%	Investment holding
Vertical Technology (Asia Pacific) Limited	Hong Kong	Hong Kong	HK\$100	100%	100%	Not yet commenced business
Suntown Capital Limited (note (a))	BVI	Hong Kong	US\$50,000	100%	–	Investment holding
Data Trade Union Capital Limited (note (a))	BVI	Hong Kong	US\$50,000	100%	–	Not-yet commenced business
Indirectly held						
Vertical Technology Company Limited	Hong Kong	Hong Kong	HK\$26,486,155	100%	100%	Trading of electronic components
韶關弘峰電子有限公司* (note (b))	The PRC	The PRC	HK\$4,000,000	–	100%	Trading of electronic components
東莞首科電子科技 有限公司*	The PRC	The PRC	HK\$20,000,000	100%	100%	Sales of manufactured aluminum electrolytic capacitors
Vertical Engineering Company Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	Not yet commenced business
Zentron Electronic Company Limited (note (a))	Hong Kong	Hong Kong	HK\$10,000	100%	–	Not yet commenced business
NEW WORLD RESOURCES TRADING-FZCO (note (a))	Dubai	Dubai	AED100,000	100%	–	SaaS and digital marketing solutions

* The companies are registered in the form of wholly foreign owned enterprises.

Notes:

(a) The subsidiaries were newly set up during the year ended 31 December 2025.

(b) On 14 August 2025 the subsidiary was deregistered.

No debt security has been issued by any of subsidiaries at any time during the year or is outstanding at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)

38 Statement of financial position and equity of the Company

(a) Statement of financial position of the Company

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Property, plants and equipment	11	–
Right-of-use assets	655	–
Intangible assets	123	–
Investments in subsidiaries	55,266	54,486
	56,055	54,486
Current assets		
Deposit, prepayments and other receivables	114	30
Amount due from a subsidiary	1,910	–
Bank balances and cash	16,428	4,000
	18,452	4,030
Current liabilities		
Accruals and other payables	949	528
Amounts due to subsidiaries	31,823	9,142
Lease liabilities	233	–
	33,005	9,670
Net current liabilities	(14,553)	(5,640)
Total assets less current liabilities	41,502	48,846
Non-current liability		
Lease liabilities	434	–
NET ASSETS	41,068	48,846
Capital and reserves		
Share capital	14,400	14,400
Reserves	26,668	34,446
TOTAL EQUITY	41,068	48,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Hong Kong dollars)**38 Statement of financial position and equity of the Company (continued)****(b) Equity of the Company**

	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	14,400	73,114	(32,649)	54,865
Loss and total comprehensive expense for the year	–	–	(6,019)	(6,019)
At 31 December 2024 and 1 January 2025	14,400	73,114	(38,668)	48,846
Loss and total comprehensive expense for the year	–	–	(7,778)	(7,778)
At 31 December 2025	14,400	73,114	(46,446)	41,068

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

The results and the assets and liabilities of the Group for the last five financial years, as extracted from the Group's audited consolidated financial statements in this annual report, are set out below.

	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
RESULTS					
Revenue	92,106	81,546	84,262	86,371	132,480
(Loss)/profit before taxation	(16,156)	(5,007)	(11,850)	(19,028)	6,984
Income tax (expense)/credit	(631)	(473)	(338)	482	(1,907)
(Loss)/profit for the year	(16,787)	(5,480)	(12,188)	(18,546)	5,077
	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
ASSETS AND LIABILITIES					
Total assets	88,150	96,618	107,601	133,663	157,309
Total liabilities	(33,114)	(26,952)	(30,983)	(32,541)	(46,159)
Total equity	55,036	69,666	76,618	101,122	111,150