

BRAINHOLE
TECHNOLOGY

BRAINHOLE TECHNOLOGY LIMITED
脑洞科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2203)

2025
Annual Report



This Annual Report is printed on environmentally friendly paper

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Corporate Profile

The Group is committed to becoming a leading provider of smart communication infrastructure services in mainland China, focusing on offering innovative products and solutions in the fields of smart homes, smart communities, and smart cities, addressing users' software and hardware needs for smart products. The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 September 2014 and its issued shares are listed on the Main Board.

The Group's strong reputation for its reliability and ability to provide high-quality products, value-added solution kits services and engineering solutions services, as well as comprehensive customer service has been a key contributor to its growth. With technologically advanced production lines and strong technology expertise, the Group is able to offer customisable products which enable it to satisfy multiple end-market product requirements and the diverse specifications of its customers, which in turn contribute to its continued success.

On the other hand, the Group is also principally engaged in broadband infrastructure construction and the provision of integrated solution for smart domain application (including smart home, smart campus and smart communities) in PRC. Its smart domain solution includes hardware for security and identification purposes, software for residence management, energy saving and community services. As smart living has become increasingly popular, the Group believes that the smart domain business has high potential of growth.

CORPORATE CULTURE

With the vision of becoming a leading smart communication infrastructure based cloud service provider, the Company mainly covers and offers products and solutions surrounding the theme of smart home, smart community, and smart city. The Company is committed to delivering excellence in all aspects of its operations, from product development to customer service. The company fosters a culture of innovation and it enables the Company to continuously explore and source the world's leading technologies. In addition, the Company places a strong emphasis on quality assurance in all stages of its operations, to understand and anticipate customer needs, and to go above and beyond to provide exceptional customer service.

Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. Zhang Liang Johnson (*Chairman*)

Independent Non-Executive Directors

Mr. Xu Liang

Mr. Chen Johnson Xi

Ms. Zhang Yibo

COMPANY SECRETARY

Ms. Wong Tik

AUTHORISED REPRESENTATIVES

Mr. Zhang Liang Johnson

Ms. Wong Tik

AUDIT COMMITTEE

Mr. Xu Liang (*Chairperson*)

Mr. Chen Johnson Xi

Ms. Zhang Yibo

REMUNERATION COMMITTEE

Mr. Chen Johnson Xi (*Chairperson*)

Mr. Xu Liang

Ms. Zhang Yibo

NOMINATION COMMITTEE

Ms. Zhang Yibo (*Chairperson*)

Mr. Xu Liang

Mr. Chen Johnson Xi

AUDITOR

Prism Hong Kong Limited

Units 1903 -1905, 19/F

8 Observatory Road

Tsim Sha Tsui, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Dah Sing Bank

China CITIC Bank

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1801-03, 18/F

One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

HONG KONG LEGAL ADVISER

Guantao & Chow Solicitors and Notaries

Suites 1801-1803, 18/F

One Taikoo Place

979 King's Road

Quarry Road

Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICES

Principal share registrar

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Hong Kong branch share registrar

Union Registrars Limited

Suites 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road

North Point, Hong Kong

STOCK CODE

2203

WEBSITE OF THE COMPANY

www.brainholetechnology.com

Chairman's Statement

On behalf of the Board, I am pleased to present the audited financial results of the Group for the year ended 31 December 2025.

BUSINESS OVERVIEW

As 2026 approaches, the global economy continues to face macroeconomic uncertainties, influenced by geopolitical tensions, particularly in the Middle East, as well as trade barriers implemented by various countries. Following the pandemic, persistent inflationary pressures and high interest rates have negatively impacted consumer confidence in traditional electronic devices, such as smartphones and personal computers. As a result, the Group's revenue from semiconductor production and trading decreased significantly, dropping by approximately 99.2% compared to the previous fiscal year.

The ongoing global trade disputes and changing political conditions have further heightened the uncertainties surrounding economic recovery. The Group's semiconductor clients suspended order placements at the beginning of the year, reflecting the unpredictability of the consumer market's recovery.

Furthermore, the upstream segments of the semiconductor production process, such as wafer manufacturing, are dominated by a few large multinational corporations. The Group continues to face intense competition from both established and emerging players in the industry, along with rapid technological advancements and evolving industry standards. Consequently, the Group suspended its semiconductor operations following the halt in customer orders to minimize losses promptly.

The Group's broadband infrastructure and smart solutions business is conducted through its wholly-owned subsidiary, Guangzhou Weaving. This subsidiary focuses on broadband infrastructure development in China and provides integrated solutions for smart venue applications, including smart homes, smart parks, and smart communities. Its services encompass security and identification hardware, as well as software solutions for residential management, energy efficiency, and community services.

In recent years, Chinese real estate developers have faced significant challenges due to deleveraging policies and broader macroeconomic controls. This liquidity crisis has led to extended completion times for ongoing construction projects. In response, real estate developers have adopted a cautious approach to capital expenditure on new land acquisitions and development projects. This prudence has resulted in a notable decline in market demand for broadband infrastructure construction and smart venue solutions, thereby affecting the Group's revenue.

In summary, despite the challenging economic environment, the Group remains committed to leveraging technological advancements and continues to explore new opportunities in smart communications and the semiconductor sector. We will stay vigilant and adjust our strategies in a timely manner to effectively navigate this evolving landscape.



Chairman's Statement

Given the current market conditions, the Group has strengthened its monitoring of cost management and adopted stricter bidding strategies for new projects. The Group is committed to reallocating resources to projects that promise higher profitability and more stable cash flows. Additionally, we are exploring collaborations with industry partners to jointly pursue more favorable projects, aiming to enhance the Group's profitability while maintaining stable cash flow. In 2026, the Group achieved relatively fruitful results in developing new projects. During the Period, the revenue from the Group's broadband infrastructure and smart venue business increased by 233.3% year-on-year compared to the previous fiscal year.

At the same time, the Group faces challenges stemming from certain policies implemented by Chinese regulators. The national policy of "accelerating internet speed and reducing costs" continues to exert pressure on the profitability of the broadband infrastructure industry. Although commission income from broadband promotions by telecommunications operators remained relatively stable during the Period, long-term expansion capabilities remain uncertain. To address this challenge, Guangzhou Weaving consolidated internal resources to develop smart product sales, successfully entering overseas markets and creating a second growth curve for the Group.

The Group believes that technological innovation is a key driver of future economic development, particularly in promoting new applications in the smart living sector. We actively leverage our strengths in smart technology to seize investment opportunities and diversify our asset portfolio. As a result, the Group has decided to engage in strategic investment activities.

During the Period, the Group invested in publicly traded equity securities, primarily focusing on leading technology companies and well-established large enterprises listed in the United States and Hong Kong. The Group is optimistic about the future prospects of these investments and will continue to closely monitor and evaluate their performance, making timely adjustments to strategies to enhance investment returns, ultimately aiming to benefiting all Shareholders.

The Group's strategic initiatives are designed to address current challenges and prepare for future growth. By enhancing cost management, promoting industry collaboration, and pursuing innovative investment opportunities, we are dedicated to creating sustainable value for our shareholders.

In the coming year, the global economic environment is expected to remain unstable, and the Group's semiconductor business will continue to face persistent challenges. The ongoing trade tensions between China and the United States, as well as geopolitical conflicts around the world, are affecting the global semiconductor supply chain and market. Concerns about high inflation and high interest rates will further dampen the growth momentum of the consumer market. The product replacement cycles for consumer electronics – such as smartphones and personal computers – have generally lengthened, and it remains uncertain when the consumer market will regain growth momentum. These factors have led the Group's semiconductor customers to adopt a cautious approach when placing new orders. As a result, the Group will adopt a highly prudent strategy in this business segment. Management has tightened operational controls in response to market conditions to minimize further losses, while reallocating resources to its smart products trading business and continuing to explore opportunities in technological innovation.

Chairman's Statement

On the other hand, China's industrial revitalization initiatives have elevated innovation and technological development to national priorities and strategic pillars for economic growth. It is expected that 5G networks, artificial intelligence (AI), the Internet of Things (IoT), cloud computing, and big data processing will continue to benefit from strong government support. The Group believes that broad-based technological innovation will drive new applications in the smart living sector. Moreover, the stabilization and healthy recovery of the real estate market – following the recent deleveraging policy reforms – will further contribute to this trend. In view of this, the Group intends to seize the rapidly growing demand for technology applications in the smart living domain.

Looking ahead, Guangzhou Weaving's goal is to become an integrated solutions provider for smart venues and to successfully expand its smart product offerings into overseas markets. The Group believes that this business will generate new growth momentum. The Group will continue to seek acquisition targets primarily focused on technologies related to smart living that can create potential business synergies with Guangzhou Weaving, as well as electronic components in the fields of artificial intelligence and the Internet of Things.

In addition, the Group strives to capture new business opportunities across various specialized sectors, taking advantage of the emerging opportunities brought about by the evolving consumer market.

Furthermore, the Group will continue to identify other acquisition targets, including high-potential growth companies with leading technologies. The Group will also closely monitor market and industry trends, actively capturing investment opportunities arising from technological innovation, and consider diversifying its investments into innovative technologies and the Web 3.0 sector, with the goal of driving technological advancement and creating greater value for its shareholders.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to our staff for their hard work and the support of the Group from all our Shareholders and stakeholders.

Zhang Liang Johnson

Chairman

Hong Kong, 26 March 2026

BUSINESS REVIEW

(i) **Broadband infrastructure and smart domain business**

Guangzhou Weaving, a wholly owned subsidiary of the Group, is primarily engaged in broadband infrastructure development in China and provides integrated solutions for smart venue applications, including smart homes, smart parks, and smart communities. Its smart venue solutions encompass hardware used for security and identification purposes, as well as software designed for residential management, energy efficiency, and community services. During the Period, Guangzhou Weaving further expanded its smart product business, entered overseas markets through e-commerce channels, and achieved relatively fruitful results in the development of new projects.

Following the pandemic, China's real estate industry continues to face the dual challenges of macroeconomic regulation and a slow recovery in property sales. As a result, property developers have adopted a cautious approach to capital expenditure management and remain conservative when acquiring new land or initiating new development projects. Consequently, market demand and revenue from Guangzhou Weaving's broadband infrastructure construction and smart venue solutions have also declined.

In view of these circumstances, the Group has further strengthened its cost management measures and adopted a prudent approach when selecting and investing in new projects. It is also exploring collaboration with industry partners to mitigate risks. The Group's product portfolio and resources are being optimized and reallocated to more profitable and cash-flow-stable projects, while consolidating resources into the smart product business and exploring new opportunities.

In addition, government policies implemented in China's telecommunications sector have presented challenges for the Group. The government's initiatives to accelerate internet speed improvements and reduce costs continue to exert pressure on the profitability of the broadband infrastructure industry. Although telecom operators are encouraged to maintain stable broadband service revenues, their long-term expansion capability remains uncertain.

(ii) **Semiconductor business**

Following the pandemic, global demand for high performance optimization and acceleration technologies has continued to increase, driven by the growing adoption of high tech products such as 5G networks, artificial intelligence (AI), the Internet of Things (IoT), cloud computing, and big data processing. This trend has significantly impacted the global semiconductor industry. Semiconductor production consists of multiple processes, including integrated circuit (IC) design, feasibility testing, wafer fabrication, assembly and packaging, and final testing.

Management Discussion and Analysis

The Group's semiconductor segment primarily focuses on the assembly, packaging, and sales of its own discrete semiconductors, as well as the procurement of semiconductor products from third party suppliers. Assembly and packaging are critical steps in the production chain as they transform semiconductor chips into functional devices for a wide range of end use applications. While IC design and wafer fabrication are dominated by several multinational corporations, the assembly and packaging of discrete semiconductors involve both large enterprises and smaller regional participants. As a downstream player in the semiconductor supply chain, the Group's semiconductor segment faces intense market competition. The business has yet to show any signs of recovery, and as early as the beginning of the year, customer orders had already come to a halt.

During the Period, the Group's semiconductor business was affected by a combination of factors, the challenges facing the semiconductor business intensified significantly. Due to the rapid technological iteration and generational upgrades of semiconductor, the Group's existing products struggled to keep pace with the evolving market standards. This technological gap led to a continuous and substantial loss of key customers, who migrated toward more advanced and competitive solutions. As a result, revenue from the Group's semiconductor production and trading operations decreased by approximately 99.2% compared with the same period last year.

Specifically, due to the cessation of customer orders, revenue from semiconductor production dropped to nil during the Period. Apart from production activities, the Group recorded only minor trading revenue during the Period, mainly supporting the sale of in house products. As a solutions integrator, the Group engages in the trading of semiconductors according to specific customer demands; however, these semiconductors are not produced by the Group itself. The product mix requested by customers varies over time, and with orders having ceased early in the year, revenue from semiconductor trading declined by approximately 98.7% year on year.

In addition, global trade uncertainties and complex geopolitical conditions have contributed to a sluggish global economic recovery, while the timeline for a stable rebound in the consumer market remains unclear. Consequently, semiconductor customers have suspended placing new orders, and it is uncertain when demand will fully recover. In light of this situation, the Group has adopted a highly prudent approach to this business segment. Management has adjusted operations based on prevailing market conditions to mitigate losses and is considering the potential discontinuation of the semiconductor segment. Resources will be reallocated to the smart products trading business, while the Group continues to explore opportunities in technological innovation.

Management Discussion and Analysis

(iii) Strategic investments business

Since the second half of 2022, the Group has embarked on strategic investment activities. The Group believes that technological innovation is a crucial driver for future economic development and can also propel emerging applications in the smart living sector. Leveraging its own advantages in the field of smart technology, the Group aims to seize investment opportunities and actively diversify its investments in innovative technologies to create greater value for its shareholders.

The Group has made the investments in listed equity securities during the Period.

Listed equity securities portfolio

The listed equity investments mainly comprises leading technology companies and high quality large companies listed in the United States and Hong Kong.

The Group's investments are aimed to be made medium term in nature with an expected investment period of approximately six months and are primarily financed by the Group's existing internal financial resources.

During the Period, the Group acquired several United States-listed equity securities and Hong Kong-listed equity securities with the aggregate acquisition costs of approximately HK\$222.2 million and disposed of part of shareholdings of those listed equity securities with the aggregate carrying amounts of approximately HK\$219.2 million. The net sale proceeds of the disposals was approximately HK\$229.3 million, resulting in net realised gain of approximately HK\$10.1 million which recorded in the changes in fair value of financial assets at fair value through profit or loss ("FVTPL") in the consolidated statement of profit or loss and other comprehensive income.

At the end of the Period, the Group measured its listed equity securities at fair value based on the closing prices quoted in active markets. The Group recognised the unrealised loss of approximately HK\$4.0 million arising on the changes in fair value of financial assets at FVTPL.

Movements in the carrying amount of the listed equity securities held by the Group during the Period are as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	48,228	69,276
Add: Acquisitions	222,244	323,512
Less: Disposals	(219,243)	(333,434)
Unrealised (loss) gain arising on changes in fair value	(4,038)	(11,126)
Carrying amount at 31 December	47,191	48,228

Management Discussion and Analysis

Details of the listed equity securities held by the Group as at 31 December 2025 are as follows:

		Cost of shares as at 31 December 2025 <i>HK\$'000</i>	Number of shares held as at 31 December 2025	Percentage of shares held as at 31 December 2025	Fair value as at 31 December 2025 <i>HK\$'000</i>	Fair value as compared to the consolidated total assets of the Group as at 31 December 2025	Dividend received/ for the year ended 31 December 2025 <i>HK\$'000</i>	Gain/(loss) arising on change in fair value recognised for the year ended 31 December 2025 <i>HK\$'000</i>
Principal activities								
Name of US-listed equity securities								
Nebius Group N.V. (NASDAQ: NBIS)	A company incorporated in the Netherlands and a technology company building full-stack infrastructure	23,052	28,800	0.01%	18,755	15%	–	(4,297)
TeraWulf Inc. (NASDAQ: WULF)	A Delaware corporation and digital asset technology company	23,183	212,300	0.05%	18,979	16%	–	(4,204)
Canadian Solar Inc. (NASDAQ: CSIQ)	An Ontario corporation and is one of the world's largest solar technology and renewable energy companies	7,998	34,300	0.05%	6,343	5%	–	(1,655)
IB portfolio investments <i>(Note)</i>		5,428			3,114	3%	–	(2,314)
		59,661			47,191		–	(12,470)

Note: IB portfolio investments mainly comprise the Group's investments in 46 companies whose securities and/or options are traded on NASDAQ. Each of the investments has a carrying amount that accounted for not more than 5% of the consolidated total assets of the Group as at 31 December 2025.

Investment policy and objectives

Investment activities of the Group are conducted in accordance with its investment policy. In formulating and reviewing its investment strategy, the Group takes into account, including but not limited to, its corporate strategy and business plan. The primary objectives of the Group's investments are to enhance returns on surplus cash and support long term growth and strategic initiatives while effectively managing risk exposure, safeguarding the Group's assets, enhancing portfolio diversification, and optimising returns on investments.

Management Discussion and Analysis

Under the Group's investment policy, permissible investments include listed equity securities on recognised stock exchanges in the United States, Hong Kong and China, which meet specific criteria on liquidity, corporate governance, product evolution, business strategy, market size, financial data, business fundamental standards and overall risk profile. The listed equity securities portfolio of the Company is diversified across various business sectors including semiconductors, cloud computing, AI Infrastructure, and digital entertainment subsectors. Investments in unlisted companies, including start ups and other private entities are generally prohibited. The Group also sets limits on exposure to a single issuer, sector, geography to avoid concentration and to manage downside risk.

Risk management

The Group has established risk management and internal control procedures to identify, measure, monitor and control the risks arising from its investment activities.

The Group monitors compliance with these risk limits on a regular basis and reports the investment working group of the Group (the "IWG") and the Board for review and approval. The Group also exercises strict control over the duration and holding period of its trading portfolio to keep market risk at a controllable level.

The Group has implemented extensive internal control measures to manage risks associated with its securities investments, including but not limited to:

- (i) Multi-level approval: Investment decisions are subject to a multi-level approval process. The process is initiated by traders and subsequently reviewed by reviewers, financial and investment personnel, and authorised personnel in sequence. This layered approval mechanism ensures that every investment decision is thoroughly vetted and aligns with the Group's risk tolerance and investment objectives;
- (ii) Market monitoring: The Group monitors market conditions post-investment. In the event of unfavourable changes in asset prices or benchmark interest rates, investment strategy will be adjusted to mitigate risks and optimise returns;
- (iii) Investment decision procedures: Securities investments are made based on factors such as investment orientation and preferences, market conditions, and other factors, including specific investment categories, scale of selected entities, geographical dimensions, and profitability to ensure a balanced and risk-mitigated investment approach; and
- (iv) Post-investment management: Strict post-investment management policies are adopted to control risks associated with securities investments, to ensure that the investments undergo holistic assessment and continuous monitoring.

The Group manages counterparty risk through an extensive framework of institutional due diligence and exposure diversification. The Group executes trades and holds assets exclusively with 'Tier-1' financial institutions and prime brokers that maintain high credit ratings and robust regulatory standing in the United States, Hong Kong and China. The Group also conducts periodic review of each counterparty's financial health, focusing on capital adequacy ratios and any significant regulatory disclosures.

Management Discussion and Analysis

Board and committee oversight of investments

The Board has overall responsibility for overseeing the Group's securities investment activities and risk management. The Board mainly carries out the following duties: (i) establishing and promoting a robust risk culture; (ii) formulating overall risk management strategy, policies and procedures; (iii) determining risk appetite; and (iv) overseeing senior management (including the IWG) to take necessary measures to identify, measure and monitor various risks. The Board has delegated certain responsibilities to the IWG, which comprises executive Directors and senior management members with relevant expertise.

The IWG is responsible for, among others: (i) formulating and recommending the Group's investment policy and risk limits to the Board; (ii) approving individual investment transactions or mandates; (iii) monitoring the performance and risk profile of the Group's investment portfolio; (iv) proposing appropriate strategic adjustment suggestions based on changes in the business environment; and (v) providing suggestions and proposals for investment decisions to the Board.

The Board and the IWG will hold meetings from time to time to review risk assessments, make decisions on significant risk issues according to regulations and supervise implementation.

The Group will closely monitor and assess the performance of these listed equity securities and make timely and appropriate adjustments on the investment portfolio to enhance the returns for the Group and realise the investments as and when appropriate.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$82.5 million during the Period, as compared to the revenue of approximately HK\$120.0 million for the year ended 31 December 2024. The decrease in revenue was approximately HK\$37.5 million or 31.3% when compared to the previous financial year. It was primarily attributable to the decrease in the revenue of semiconductor business.

During the Period, the revenue of broadband infrastructure and smart domain segment contributed by Guangzhou Weaving Group amounted to approximately HK\$81.7 million during the Period, compared to the revenue of approximately HK\$34.6 million for the year ended 31 December 2024. The increase of approximately HK\$47.1 million or 136.1% was mainly because there were more projects for broadband infrastructure construction and smart domain solution during the Period.

In 2025, the challenges facing the semiconductor business intensified significantly. Due to the rapid technological iteration and generational upgrades of semiconductor, the Group's existing products struggled to keep pace with the evolving market standards. This technological gap led to a continuous and substantial loss of key customers, who migrated toward more advanced and competitive solutions. As a result, the total revenue from the semiconductor business for the Period amounted to approximately HK\$0.7 million, representing a decrease of approximately HK\$84.7 million or 99.2%, as compared to the total revenue of approximately HK\$85.4 million for the year ended 31 December 2024.

On the other hand, the Group recorded no revenue from sales of its self-manufactured semiconductors, representing a decrease of approximately HK\$55.0 million or 100% as compared to that of approximately HK\$55.0 million for the year ended 31 December 2024. Such decrease was primarily attributable to the cessation of customer orders of such self-manufactured semiconductors.

The Group's trading of semiconductors primarily complements sales of self-manufactured semiconductors when it provides solution kits services to its customers. During the Period, the Group's revenue derived from its trading of semiconductors amounted to approximately HK\$0.7 million, representing a decrease of approximately HK\$29.7 million or 97.7% as compared to that of approximately HK\$30.4 million for the year ended 31 December 2024.

Gross profit and gross profit margin

The Group's gross profit (before provision for inventory) amounted to approximately HK\$13.1 million for the Period, representing an increase of approximately HK\$6.4 million or 95.5% from approximately HK\$6.7 million for the year ended 31 December 2024. It was mainly attributable to the increase in revenue and gross profit of broadband infrastructure and smart domain business.

The Group's overall gross profit margin (before provision for inventory) for the Period was approximately 15.9%, representing an increase of approximately 10.3 percentage points, as compared with gross profit margin (before provision for inventory) of approximately 5.6% for the year ended 31 December 2024, primarily attributable to the optimization of the business portfolio, particularly the significant reduction in the revenue weighting of the semiconductor segment, which previously recorded a gross loss, thereby driving a substantial improvement in the overall gross profit margin.

Management Discussion and Analysis

Moreover, along with the decrease in the revenue of broadband infrastructure and smart domain business during the Period, the gross profit (before provision for inventory) contributed by Guangzhou Weaving Group amounted to approximately HK\$13.0 million for the Period, representing an increase of approximately HK\$3.0 million or 30.0% from approximately HK\$10.0 million for the year ended 31 December 2024. The gross profit margin of Guangzhou Weaving Group was approximately 15.9% and 28.9% respectively for the Period and for the year ended 31 December 2024. The decrease in gross profit margin (before provision for inventory) was mainly due to the increase of projects for the broadband infrastructure construction and smart domain solution in order to maintain sufficient business volume, which had a comparatively lower gross margin but a shorter collection cycle in the product mix of this segment.

For semiconductor business, the Group recorded gross profit (before provision for inventory) of approximately HK\$0.1 million during the Period, as compared to the gross loss (before provision for inventory) of approximately HK\$3.3 million for the year ended 31 December 2024. The increase in gross profit was approximately HK\$3.2 million or 97.0% when compared to the previous financial year. The Group's gross profit margin (before provision for inventory) of the semiconductor business also exhibited an increase of approximately 13.0 percentage point, from approximately -3.8% for the year ended 31 December 2024 to approximately 9.2% for the Period. Such increase in gross profit and gross profit margin (before provision for inventory) was primarily the result of better yielding of products requested by client while the selling price could not be adjusted accordingly at the same time.

The Group recorded a provision for inventory of HK\$0.1 million for the Period due to the unsatisfactory business performance of the semiconductor business.

Changes in fair value of financial assets at FVTPL

As discussed above, the Group recorded net realised gain of approximately HK\$10.1 million arising from the disposals of part of listed equity securities and fair value loss of approximately HK\$4.0 million on the listed equity securities held as at 31 December 2025. The aggregate amount of approximately HK\$6.1 million was recognised in other gains and losses in the consolidated statement of profit or loss and other comprehensive income.

Selling and distribution costs

The Group's selling and distribution costs for the Period was approximately HK\$4.7 million, representing a decrease of approximately HK\$2.3 million or 32.9% from approximately HK\$7.0 million for the year ended 31 December 2024. The amount mainly represented the selling and distribution costs of semiconductors business and such decrease was primarily attributable to the decrease in commission expenses to third-party agents, which was in line with the decrease of commission cost ratio of the Group's sales to customers of semiconductors referred by its third-party agents.

Management Discussion and Analysis

Administrative expenses

Administrative expenses mainly included auditors' remuneration, staff costs, Directors' remuneration, legal and professional fees, depreciation, research and development expenditure, insurance expenses, office expenses, rental expenses, travelling expenses, entertainment expenses and other miscellaneous operating expenses.

The Group's administrative expenses for the Period was approximately HK\$40.2 million, decreased by approximately HK\$13.2 million or 24.7%, as compared to that of approximately HK\$53.4 million for the year ended 31 December 2024.

The decrease was primarily attributable to, among others, (i) the decrease of the professional fee for approximately HK\$2.1 million; (ii) the decrease of the staff cost of approximately HK\$2.0 million; (iii) the decrease of consultant fee for approximately HK\$1.8 million.

Impairment loss on trade receivables, contract assets and amounts due from related companies (trade-nature) for the Period

In accordance with the HKFRS 9 requirements, the management performed the impairment assessment and measured the expected credit loss ("ECL") on trade receivables, contract assets and amounts due from related companies (trade-nature) based on the simplified approach as at 31 December 2025. Consistent with the previous financial year, the loss allowance for ECL on trade receivables, contract assets and amounts due from related companies (trade-nature) are estimated by using a provision matrix to measure the ECL and with reference to a valuation on ECL performed by an independent qualified professional valuer, TIMES Appraisal Advisory Limited ("TIMES Appraisal"). TIMES Appraisal has appropriate qualifications and has recent experience on the assessment on ECL of similar financial instruments.

In assessing the loss allowance for ECL, the management has taken into consideration the period that the amounts were past due, the repayment history, the profile of debtors, the communication with the debtors about their financial conditions, the general economic conditions of the industry in which the debtors operate, as well as the results of any collection efforts.

During the Period, the Group has recorded impairment loss on trade receivables, contract assets and amounts due from related companies (trade-nature) in aggregate of approximately HK\$5.8 million (2024: impairment loss of HK\$8.3 million).

The difficulty of debt collection in relation to the impairment loss for the Period and previous financial year is mainly attributable to the continuous adverse effect on the liquidity of some customers of broadband infrastructure and smart domain segment, which are the property developers in the PRC, caused by the more stringent deleveraging policy in real estate industry implemented by the PRC government since the second half of 2021.

Management Discussion and Analysis

In view of the above, the management has conducted debt collection procedure to minimise the credit risk, which includes (i) closely monitoring the progress of repayment by following up on the overdue debts by way of telephone calls and other electronic means; (ii) staying in touch with the customers on a more frequent basis; (iii) sending collection statement to the customers to remind them of the outstanding balances status; (iv) delegating a team to determine credit limit and credit approval; and (v) discussing with legal advisor about the appropriateness of taking further legal actions.

Based on the above, the Directors are of the view that the amount of the impairment loss was fair and reasonable.

Impairment loss on plant and equipment and right-of-use assets for the Period

Given the adverse impact on the performance of the Group's manufacturing business of semiconductors as a result of weak demand on consumer electronic products and in accordance with the HKAS 36 requirements, the management performed impairment assessment for the relevant segment.

As a result of the impairment assessment, impairment loss of HK\$0.4 million (2024: HK\$1.3 million) has been made during the Period.

Income tax expense

The Group's income tax expenses for the Period was approximately HK\$0.1 million, as compared to income tax credit of approximately HK\$19.4 million for the year ended 31 December 2024. Such movement of income tax was primarily attributable to the derecognition of previously recognised deferred tax assets due to the changes in the estimation of future profitability.

Loss for the Period

As a result of the foregoing, the Group's net loss for the Period was approximately HK\$34.5 million, as compared to the net loss of approximately HK\$127.9 million for the year ended 31 December 2024.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the operations of the Group were primarily funded by internally generated cash flows.

The Group's outstanding capital commitments as at 31 December 2025 amounted to Nil (2024: HK\$3.3 million).

As at 31 December 2025, the Group had no outstanding bank borrowing (2024: Nil).

Please refer to note 8 to the consolidated financial statements for the ageing analysis in respect of the trade payables of the Group as at 31 December 2025 and 2024.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised with all bank deposits denominated either in HK\$, US\$ or RMB. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a prudent capital structure when considering financing for new investments.

CHARGES ON GROUP ASSETS

As at 31 December 2025, the Group did not have any asset pledged (2024: Nil).

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the paragraph headed "Listed equity securities" in the section headed "Management Discussion and Analysis – Business Review – (iii) Strategic investments business" of this report, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries during the Period.

CONTINGENT LIABILITIES

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

Management Discussion and Analysis

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group is exposed to foreign currency risks as several of its subsidiaries have foreign currency sales and purchases. For the years ended 31 December 2025 and 2024, approximately 1% and 23%, respectively, of the Group's sales were denominated in currencies other than the functional currency of the relevant group entities making the sale, and approximately Nil and 3%, respectively, of purchases were not denominated in the relevant group entities' functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2025 and 2024 are as follows:

	Assets		Liabilities	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
United States dollars	6,592	83,289	–	610
Renminbi	6	24	–	7
	6,598	83,313	–	617

The Group currently does not have a foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Management Discussion and Analysis

HUMAN RESOURCES

As at 31 December 2025, the Group had a workforce of 58 full-time employees (including the Director but excluding the independent non-executive Directors) of whom approximately 91.0% were employed in the PRC and approximately 9.0% in Hong Kong. The Group's staff costs (including Directors' emoluments) for the years ended 31 December 2025 and 2024 amounted to approximately HK\$25.9 million and HK\$42.3 million, respectively. The Group's employees in Hong Kong are required to participate in the Mandatory Provident Fund scheme under which it is required to contribute a fixed percentage of the employees' payroll costs (up to a maximum of HK\$1,500 per month) to the scheme. For the Group's employees in the PRC, the Group makes contributions to various government sponsored employee benefit funds, including housing provident fund, basic pension insurance fund, basic medical insurance, unemployment insurance, maternity insurance and work related injury insurance funds in accordance with applicable PRC laws and regulations.

The Group generally recruits employees from the open market. It actively pursues a strategy to recruit, develop and retain talented employees by (i) providing them with training programs on a regular basis to keep them abreast of their knowledge in the products it distributes, technology development and market conditions of the electronics industry, broadband infrastructure industry and smart domain industry; (ii) aligning employees' compensation and incentives with their performance; and (iii) providing them with a clear career path with opportunities for additional responsibilities and promotions.

ENVIRONMENTAL MATTERS

While the Group is subject to the PRC environmental laws and regulations including the Environment Protection Law of the PRC, which govern a broad range of environmental matters, including air pollution, noise emissions, discharge of waste water and waste residues, the Directors believe that the Group's production process does not generate environmental hazards which would pose a significant adverse effect on the environment and that the environmental protection measures undertaken by the Group are adequate to comply with all applicable current local and national PRC regulations.

During the Period and to the best of the Directors' knowledge, the Group did not receive any complaints from its customers or any other parties in respect of any environmental protection issues, and did not experience any material environmental incidents arising from its manufacturing activities. During the Period, no administrative sanctions or penalties were imposed on the Group for the violation of environmental laws or regulations which had a material adverse impact on its operations.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Period (2024: Nil).

Management Discussion and Analysis

BUSINESS PROSPECT

In the coming year, the Group expects its semiconductor business to continue facing severe challenges as the rapid technological iteration and shortened product lifecycles in the industry intensify. The widening gap between the Group's existing technology and the prevailing market standards has led to a continuous migration of key customers toward more advanced and competitive solutions. As a result, customers remain extremely cautious about placing new orders for the Group's current product offerings. In light of this situation, the Group will continue to adopt a prudent approach to this business segment and may adjust or suspend operations in response to market conditions in order to minimise further losses, while reallocating resources to the smart product trading business and continuing to explore opportunities in technological innovation that align with future market trends.

At the same time, the PRC government continues to promote innovation and technological development as key drivers of economic growth. The Group believes that technologies such as 5G, artificial intelligence, the Internet of Things, cloud computing and big data processing will continue to create development opportunities in the smart living sector. As market conditions gradually stabilise, demand for smart venue applications, smart products and related technological solutions is expected to continue to emerge. The Group will continue to capture such opportunities and further strengthen the development of its broadband infrastructure and smart domain business.

Looking ahead, Guangzhou Weaving will continue to focus on expanding its smart product business and enhancing its role as an integrator of smart venue solutions. The Group will continue to optimise its project portfolio, strengthen cost control measures and adopt a prudent approach in selecting and investing in new projects, with a view to improving profitability and maintaining healthy cash flow. At the same time, the Group will continue to explore opportunities to expand into overseas markets through e-commerce channels and industry cooperation, with the aim of bringing new growth momentum to the Group.

The Group will also look for other acquisition targets, including high-potential growth companies with leading technologies. Overall, the Group will continue to maintain a prudent and disciplined approach in navigating a challenging operating environment, while remaining committed to identifying new business opportunities and enhancing its long-term competitiveness.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Zhang Liang Johnson

Mr. Zhang Liang Johnson ("Mr. Zhang"), aged 44, is the chairman of the Company and has been appointed as an executive Director with effect from 19 May 2018. He is the sole shareholder of Yoho Bravo Limited, the controlling shareholder of the Company. Mr. Zhang has over 20 years of experience in the PRC real estate industry. He is an entrepreneur in various industries, including real estate, energy and entertainment etc. He served as an executive director from March 2012 to May 2022 and remains as the controlling shareholder of Kinetic Development Group Limited (stock code: 1277), the issued shares of which are listed on the Main Board of the Stock Exchange. He is also the controlling shareholder, the chairman and an executive director of Transmit Entertainment Limited (stock code: 1326), the issued shares of which are listed on the Main Board of the Stock Exchange. Mr. Zhang has established Seedland Real Estate Group Co., Ltd. (formerly known as Guangzhou Seedland Real Estate Development Co., Ltd.) in the PRC in January 2006 which, through its subsidiaries, principally engaged in real estate business. Mr. Zhang has also made other financial investments in the technology and finance sectors such as internet financing services, virtual reality applications and artificial intelligence. Mr. Zhang was awarded as one of the most popular investors at the 2018 Global Youth Innovation Conference (2018 GYIC全球青年創新大會) held on 18 October 2018.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Liang

Mr. Xu Liang (“Mr. Xu”), aged 50, has been appointed as an independent non-executive Director with effect from 9 June 2018. He holds a bachelor’s degree in Arts and a bachelor’s degree in Economics from Tsinghua University and a master’s degree in business administration from Harvard University. He has experience in financial management of formerly listed companies, including China Digital TV Holding Co., Ltd., which was a New York Stock Exchange-listed company (then stock code: NYSE:STV) and Bona Film Group, which was a Nasdaq-listed company (then stock code: Nasdaq: BONA). From March 2015 to July 2021, he was an independent director of Thunder Software Technology Co., Ltd., the A shares of which are listed and traded on the Shenzhen Stock Exchange (stock code: 300496.SZ) and was re-appointed as a non-independent director in September 2023. He is currently the chairman of Tianjin Tingyu Shihua Technology Co., Ltd. (天津聽雨拾花科技有限公司).

Mr. Chen Johnson Xi

Mr. Chen Johnson Xi (“Mr. Chen”), aged 43, has been appointed as an independent non-executive Director with effect from 9 June 2018. He is a seasoned investor and entrepreneur having worked on numerous venture capital, private equity, IPOs and M&A transactions globally. He is currently the chief executive officer of an Asian based investment and technology company with businesses in financial services/fintech, telecommunications, media, technology (TMT), biotechnology and high technology. Mr. Chen is the chairman for Australia Biotechnology Corporation and vice chairman for Financial Industry Policy of the South China American Chamber of Commerce Institute for International Economic Strategy. Mr. Chen has held senior leadership roles at PwC Strategy& (Formerly Booz & Company), KPMG M&A Advisory and Accenture. He holds a Bachelor’s degree in Information Systems and Post Graduate Certificate of Applied Commerce from The University of Melbourne.

Ms. Zhang Yibo

Ms. Zhang Yibo (“Ms. Zhang”), aged 44, has been appointed as an independent non-executive Director with effect from 9 June 2018. She graduated with a bachelor’s degree in economics from Nankai University in 2003 and a master’s degree in business administration from The Hong Kong University of Science and Technology. She has experience in asset management, management of listed companies and their investment in Hong Kong and China. From October 2012 to February 2013, she was a director of Bingo Group Holdings Limited (stock code: 8220.HK) which is principally engaged in (among other things) movie production, licensing, crossover marketing and provision of interactive contents. Ms. Zhang is currently the chief operation officer and a responsible officer of Alphawise Asset Management Limited and a licensed officer under the SFO, registered to conduct Type 9 (asset management) regulated activity under the SFO. Since January 2025, Ms. Zhang has been a responsible officer of Wolf Vest Capital Management Limited and a licensed person under the Securities and Futures Ordinance, registered to conduct regulated activities under Types 4 and 9 (Asset Management) of the Securities and Futures Ordinance.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Li Qiang

Mr. Li Qiang (“Mr. Li”), aged 44, is the chief executive officer of Guangzhou Weaving Communications Telecommunications Technology Limited* (廣州織網通訊科技有限公司). Mr. Li joined the Group in February 2022. Mr. Li has over 21 years of experience in relation to product R&D and operation management in telecom software development, fixed/mobile network communication and smart city fields. Mr. Li graduated from Xidian University in July 2004 with a bachelor’s degree in computer science and technologies. From 2004 to 2018, he served as (by timeline) telecom software development engineer, telecom software system architect, smart city solution senior architect in Huawei Technologies Co., Ltd., which is the world’s leading provider of ICT (Information and Communications Technology) infrastructure and intelligent terminals, and was responsible for R&D, solution planning and sales in telecom software and smart city services. From 2018 to 2021, he served as the vice general manager of the smart city center of Seedland group, which is a leading real estate developer in the PRC, characterized by its leading smart living space strategy and solutions, and was responsible for the planning and realization of Seedland’s smart living space strategy, solutions, and products.

Mr. Cheung Chun Man

Mr. Cheung Chun Man (“Mr. Cheung”), aged 39, joined the Group in March 2023 as the financial controller. Mr. Cheung is primarily responsible for the Group’s overall financial strategies, and daily management of the Group’s financial and accounting function. Mr. Cheung had been the financial controller of Huijing Holdings Company Limited (stock code: 9968), a company which shares are listed on the Main Board of the Stock Exchange, from July 2018 to March 2023. Prior to that, he had worked in various financial related positions in a number of companies, which shares are listed on the Main Board of the Stock Exchange, and had worked in various positions of the audit department in an international accounting firm.

Mr. Cheung graduated from the Hong Kong Baptist University in 2008 with a bachelor’s degree in Business Administration majoring in Accounting. He is a member of the Hong Kong Institute of Certified Public Accountants.

COMPANY SECRETARY

Ms. Wong Tik

Ms. Wong Tik (“Ms. Wong”), is a certified public accountant. Ms. Wong is also the head of Listed Company Secretary Service division of GIL (HK) Limited, a professional corporate services provider which has been engaged by the Company for company secretarial services. She has over 25 years of experience in the field of accounting and company secretarial and has worked in a number of listed companies in Hong Kong. Ms. Wong obtained the Honours Diploma in Accounting from Hong Kong Shue Yan College in 1995.

* For identification purpose only

Directors' Report

The Directors submit their report together with the audited consolidated financial statements for the Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacturing and trading of semiconductors, broadband infrastructure construction and the provision of integrated solution for smart domain application (including smart home, smart campus and smart communities).

RESULTS OF THE GROUP

The Group's results for the Period and the state of affairs of the Company and the Group as at 31 December 2025 are set out in the audited consolidated financial statements on pages 89 to 171 of this report.

BUSINESS REVIEW

A business review in respect of the Group's performance during the Period and the material factors underlying its results and financial position, principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" in this report. Please also refer to the section headed "Chairman's Statement" in this report for discussions on the Group's business outlook and the section headed "Environmental, Social and Governance Report" for the Group's environmental policies and performance, compliance with relevant laws and regulations and key relationships with stakeholders during the Period. Such review and discussion form parts of this Directors' Report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and the assets and liabilities of the Group for the last five years is set out in the financial summary of the Group on page 172 of this report.

SHARE CAPITAL AND ISSUE OF SECURITIES DURING THE PERIOD

Details of movements in the share capital of the Company are set out in note 30 to the consolidated financial statements.

DIVIDENDS AND DIVIDEND POLICY

The Board does not recommend payment of any final dividend for the Period. During the Period, no interim dividend was paid or declared.

The Board has discretion to declare and distribute dividends to Shareholders subject to the provisions of the constitutional documents of the Company, and applicable laws and regulations. In considering whether to recommend or declare dividends, the Board will also take into account a number of factors including but not limited to financial results, cash flow situation, general market conditions, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant.

RESERVES

As at 31 December 2025, the total reserves available for distribution, taking into account accumulated losses, to Shareholders by the Company amounted to HK\$nil (2024: HK\$nil). Details of movements in the reserves of the Company during the Period are set out in the Consolidated Statement of Changes in Equity and note 31 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the Period are set out in note 16 to the consolidated financial statements. The Group did not have any investment property as at 31 December 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and there is no restriction against such rights under the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Period.

The Company did not hold any treasury shares (as defined under the Listing Rules) as of 31 December 2025.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 September 2015 whose terms are consistent with the provisions under Chapter 17 of the Listing Rules (the "Scheme").

The Scheme is valid and effective for a period of 10 years from 9 October 2015 and its purpose is to reward eligible participants who have contributed or will contribute to the Group and to encourage eligible participants to work towards enhancing the value of the Company and its Shares for the benefits of the Company and its Shareholders as a whole, and to maintain or attract business relationships with participants whose contributions are or may be beneficial to the growth of the Group.

Eligible participants of the Scheme include (i) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and (ii) any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group, whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group.

Directors' Report

SHARE OPTION SCHEME *(Continued)*

The total number of Shares available for issue under the Scheme is 80,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of this report. The total number of Shares to be issued upon exercise of the share options granted to each eligible participant under the Scheme in any 12-month period must not exceed 1% of the total number of Shares then in issue, unless approved by Shareholders in general meeting pursuant to the requirements under the Listing Rules. The number of Shares to be issued in respect of which options may be granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates (within the meaning of the Listing Rules) representing in aggregate over 0.1% of the total number of the Shares on the date of such grant must be approved by Shareholders in general meeting.

An offer of a grant of share options under the Scheme may be accepted within five business days from the date on which the offer is made with a cash consideration of HK\$1.00 payable to the Company. The period for the exercise of a share option is determined by the Board in its sole discretion, but such period shall not be more than 10 years from the date of grant of the option. The remaining life of the Scheme is approximately 0.8 year.

Under the Scheme, the subscription price payable upon exercise of any options granted is determined by the Board but in any event it shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date on which the option is offered to a participant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer of the option; and (iii) the nominal value of the Shares.

The number of share options available for grant under the Scheme as at 1 January 2025 and 31 December 2025 is 80,000,000. There is no service provider sublimit under the Scheme as at 1 January 2025 and as at 31 December 2025.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2025.

LIST OF DIRECTORS

The Directors during the Period and up to the date of this report are:

Executive Director

Mr. Zhang Liang Johnson (*Chairman*)

Independent Non-Executive Directors

Mr. Xu Liang

Mr. Chen Johnson Xi

Ms. Zhang Yibo

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management of the Company as at the date of this report are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

DIRECTOR'S SERVICE CONTRACTS

There are no service contracts for any of the Directors who are nominated for re-election at the forthcoming annual general meeting of the Company to be held in 2026 which are not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEMNITY OF DIRECTORS

The Directors are indemnified against actions, costs, charges, losses, damages and expenses incurred in discharge of their duties subject to the provisions of the Articles and other applicable legislation. The Company has taken out Directors' and officers' liabilities insurance for such purposes for the Period.

EMOLUMENTS OF DIRECTORS, SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of Directors and the five highest paid individuals in the Group are set out in note 15 to the consolidated financial statements.

The emoluments paid or payable to the senior management of the Group who are not Directors were within the following bands:

	2025 <i>No. of employees</i>	2024 <i>No. of employees</i>
Nil to HK\$1,000,000	4	4
HK\$1,000,001 to HK\$1,500,000	1	–
	5	4

EMOLUMENT POLICY

The Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses relating to the performance of the Company. The Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Group or executing their functions in relation to the Group's operations. The Company reviews and determines the remuneration and compensation package of its Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Company. The Directors and employees of the Group may also receive options which may be granted under the Scheme. However, no option was so granted during the Period.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the Shares

Name of Director	Nature of interest	Number of ordinary shares held (Note 1)	Approximate shareholding percentage in the issued share capital of the Company (%)
Mr. Zhang Liang Johnson	Interest in a controlled corporation (Note 2)	599,658,000 Shares (L)	74.96

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Mr. Zhang Liang Johnson, an executive Director, was interested in 599,658,000 Shares, representing approximately 74.96% of the Company's issued share capital as at 31 December 2025, through Yoho Bravo Limited which is wholly-owned by him.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2025, the interests and short positions of substantial Shareholders and other persons (other than Directors or chief executives of the Company) in the Shares or the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholder	Nature of interest	Number of ordinary shares held (Note 1)	Approximate shareholding percentage in the issued share capital of the Company (%)
Yoho Bravo Limited (Note 2)	Beneficial interest	599,658,000 Shares (L)	74.96

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Mr. Zhang Liang Johnson, an executive Director, was interested in 599,658,000 Shares, representing approximately 74.96% of the Company's issued share capital as at 31 December 2025, through Yoho Bravo Limited which is wholly-owned by him.

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any person (other than Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Report

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company and their respective close associates (as defined in the Listing Rules) has any interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group during the Period.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company (not being a contract of service with any Director or any person engaged in the full-time employment of the Company) was entered into or was subsisting during the Period.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE TO THE BUSINESS OF THE GROUP

Save as disclosed in the paragraphs headed "Related party transaction" and "Continuing connected transactions" in this Directors' report, (i) no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director (within the meaning of section 486 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period; and (ii) no contracts of significance (including those in relation to provision of services) between members of the Group and the controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the Period or at any time during the Period.

ARRANGEMENT TO ACQUIRE SHARES AND DEBENTURES

At no time during the Period was the Company, its immediate holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save for the Scheme the particulars of which are disclosed in this report, the Company has not entered into any equity-linked agreement (as defined in section 6 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) during the Period.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

During the Period, the Group was not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business and operations.

TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holdings of the Shares.

RELATIONSHIP WITH STAKEHOLDERS

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

The Group strives to provide a safe workplace to its employees. It also provides competitive remuneration and benefits, as well as training programs so that staff can keep abreast with developments in the market. Employees are also provided with clear career path with opportunities for additional responsibilities and promotions based on their merits and performance.

The Group believes that product quality is the key to maintaining a good customer relationship. To achieve this goal, the Group has a set of established quality assurance standards to meet its customers' requirements, and each shipment of finished products is checked and sub-standard products will be re-worked and retested prior to delivery to customers.

The Group is also dedicated to maintaining good relationship with suppliers as long-term business partners to ensure stability of the Group's business.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's five largest customers collectively accounted for approximately 34.4% (2024: 60.0%) of its total revenue for the Period and its largest customer accounted for approximately 7.6% (2024: 18.4%) of its total revenue for the Period.

The Group's five largest suppliers collectively accounted for approximately 60.8% (2024: 85.5%) of its total purchases for the Period and its largest supplier accounted for approximately 21% (2024: 51.3%) of its total purchases for the Period.

None of the Directors and their respective close associates (within the meaning of the Listing Rules) or any holder of Shares who, to the knowledge of the Directors, owns more than 5% of the issued Shares has any interest in any of the five largest customers or five largest suppliers of the Group during the Period.

RELATED PARTY TRANSACTION

Significant related party transactions entered into by the Group during the Period are set out in note 36 to the consolidated financial statements.

Other than provision of broadband infrastructure construction services to Seedland under the 2025 Construction Services Framework Agreement (as renewal for a term of three years ending 31 December 2027), which constituted a continuing connected transaction, the Directors consider that these significant related party transactions disclosed in note 36 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules or are fully exempt from the requirements to comply with any of the reporting, announcement or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS

During the Period, the Group had entered into the following continuing connected transactions:

On 13 June 2019, Guangzhou Weaving entered into the construction services framework agreement (the "Construction Services Framework Agreement") with Seedland Real Estate Group Co., Ltd. ("Seedland", formerly known as Guangzhou Seedland Real Estate Development Co., Ltd.) for a term up to 31 December 2021. As the forgoing Construction Services Framework Agreement would expire on 31 December 2021, Guangzhou Weaving entered into a renewed framework agreement with Seedland on 6 December 2021 ("New Construction Services Framework Agreement"), for a term of three years ended 31 December 2024, pursuant to which Guangzhou Weaving Group Companies shall provide Seedland Group Companies with certain communication construction and smart domain solution services, including but not limited to broadband infrastructure construction services for residential properties and projects and integrated solutions for smart community projects (including hardware for security and identification purposes, software for residential management and community services) and Guangzhou Weaving Group Companies shall receive construction service fees in return. The maximum aggregate service fee receivable from Seedland Group Companies under the New Construction Services Framework Agreement for each of the years ended 31 December 2022, 2023 and 2024 are RMB8.0 million (equivalent to approximately HK\$9.8 million) throughout the term thereof.

Mr. Zhang Liang Johnson, the chairman of the Board and an executive Director, is interested in the entire issued share capital of Seedland and Seedland is a connected person of the Company under Chapter 14A of the Listing Rules. Given that Guangzhou Weaving is an indirect wholly-owned subsidiary of the Company, the New Construction Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the transactions contemplated under the New Construction Services Framework Agreement are less than 25% and the annual cap is less than HK\$10 million, the transactions contemplated under the New Construction Services Framework Agreement constitute de minimis transactions under Rule 14A.76 of the Listing Rules, and therefore are subject to reporting, annual review and announcement requirements, which have been complied with, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 6 December 2021 for details.

During the Period, the aggregate construction service fees received by Guangzhou Weaving from Seedland pursuant to the New Construction Services Framework Agreement amounted to approximately HK\$8.3 million (2024: HK\$8.5 million) and is within the annual cap.

As the existing Construction Services Framework Agreement entered into between the Company and Seedland on 13 June 2019 expired on 31 December 2024, the Company and Seedland entered into a construction services framework agreement (the "2025 Construction Services Framework Agreement") on 11 December 2024 in relation to the provision of communication construction and smart domain solution services for a term of three years ending 31 December 2027. The proposed annual caps under the 2025 Construction Services Framework Agreement shall not exceed RMB8.0 million (equivalent to approximately HK\$8.7 million) for each of the three years ending 31 December 2027.

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

As all the applicable percentage ratios in respect of the transactions contemplated under the 2025 Construction Services Framework Agreement are less than 25% and the Proposed Annual Caps is less than HK\$10 million, the transactions contemplated under the 2025 Construction Services Framework Agreement constitute de minimis transactions under Rule 14A.76 of the Listing Rules, and therefore are subject to reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 11 December 2024 for details.

The independent non-executive Directors have reviewed the continuing connected transactions as set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Shareholders as a whole according to the New Construction Services Framework Agreement.

Prism Hong Kong Limited, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. In the opinion of the Directors, sufficient access was given to Prism Hong Kong Limited to the records of the Group for the purpose of reporting on the continuing connected transactions. Prism Hong Kong Limited has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive Director the annual confirmation of his/her independence, and the Company considers them to be independent in light of the guidelines set out in Rule 3.13 of the Listing Rules.

PUBLIC FLOAT

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

CHARITABLE DONATIONS

The Group did not made any charitable donations during the Period (2024: HK\$nil).

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, the Group had acquired and disposed of certain listed equity securities. Details of which are set out in the Company's announcements dated 4 March 2026, 13 March 2026 and 19 March 2026 respectively.

Directors' Report

AUDITOR

On 5 September 2025, SHINEWING (HK) CPA Limited ("SW") resigned as the auditor of the Company. Please refer to the announcement of the Company dated 5 September 2025 for further details. Prism Hong Kong Limited was appointed as the auditor of the Company with effect from 5 September 2025 to fill the casual vacancy following the resignation of SW.

The consolidated financial statements of the Group for the Period have been audited by Prism Hong Kong Limited and have been reviewed by the audit committee of the Company.

A resolution for the re-appointment of Prism Hong Kong Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

Save as disclosed above, there were no other changes in the Company's auditor during the past three years (including the Period).

On behalf of the Board of
Brainhole Technology Limited

Zhang Liang Johnson

Chairman

Hong Kong, 26 March 2026

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continued growth of the Group and for safeguarding and maximising Shareholders' interests.

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Zhang Liang Johnson was the chairman of the Board ("Chairman") while the post of the chief executive officer of the Company (the "CEO") has been vacant since 1 February 2021.

The executive Director and the senior management have been delegated with the authority and responsibility by the Board for the day-to-day operations, business strategies and management of the Group. After evaluation of the current situation of the Company and considering of the board composition, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for such arrangement as it helps to maintain the continuity of the policies and the stability of the operations of the Company. The Board will continue to review the effectiveness of the Company's structure as business continues to grow and develop in order to assess whether any changes, including the appointment of the CEO, is necessary.

Pursuant to code provision C.2.7 of the CG Code, the Chairman should at least annually hold meetings with the independent non-executive directors ("INED(s)") without the presence of other directors. During the Period, the Chairman, did not hold any meeting with the INEDs without the presence of other Directors due to business engagements. Since the INEDs have communicated and discussed with the Chairman directly from time to time during the Period to express their concerns, to discuss pertinent issues and to ensure that there was access to adequate and complete information. The Company considers that there were sufficient channels and communication for discussion of the Company's affairs between the Chairman and the INEDs. The INEDs could have direct contacts with the Chairman after meetings if necessary.

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Although only 2 regular Board meetings were held during the Period, the Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Director. In addition, senior management of the Group provided to the Directors the information in respect of the Group's business development and activities from time to time and the significant matters had been either duly reported, discussed and resolved at the 2 Board meetings or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes.

Corporate Governance Report

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code on terms no less exacting than the required standard of dealings set out in Appendix C3 to the Listing Rules and the Directors are reminded of their obligations under the Model Code on a regular basis.

Upon specific enquiry made with all the Directors, all the Directors have confirmed to the Company that they have fully complied with the required standard set out in the Model Code during the Period.

ACCOUNTABILITY AND AUDIT

The Directors acknowledged their responsibilities to prepare the annual consolidated financial statements of the Group and other financial disclosures required under the Listing Rules. The Board, which is responsible for overseeing the preparation of annual financial statements, receives monthly updates on the Group's performance, financial position, and prospects.

In preparing the consolidated financial statements for the Period, the Board adopted appropriate accounting policies and applied them consistently, made judgements and estimates that were prudent and reasonable and ensured the consolidated financial statements were prepared on a "going concern" basis (with supporting assumptions or qualifications as necessary) and showed a true view of the state of affairs of the Group for the Period.

BOARD OF DIRECTORS

Board Composition and Responsibilities

The Board composition of the Company during the Period are set out as follows:

Executive Director

Mr. Zhang Liang Johnson (*Chairman*)

Independent Non-Executive Directors

Mr. Xu Liang

Mr. Chen Johnson Xi

Ms. Zhang Yibo

Details of background and qualifications of all Directors as at the date of this report are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's business to the executive Director and senior management of the Group.

Mr. Zhang Liang Johnson is the Chairman and is responsible for leading the Board in establishing and monitoring implementation of business strategies.

BOARD OF DIRECTORS *(Continued)*

Board Composition and Responsibilities *(Continued)*

Significant matters of the Group are required to be approved by the Board, including:

- (i) formulating corporate development planning;
- (ii) formulating the Company's operational and management strategies;
- (iii) approving financial statements;
- (iv) approving notifiable transactions and connected transactions undertaken by any member of the Group as may be required under the Listing Rules;
- (v) approving the risk management and internal control systems of the Group; and
- (vi) distribution of any dividend.

Appointment and Re-election of Directors

Each of the INEDs has entered into a letter of appointment with the Company for a term of one year. Each appointment is renewable automatically for successive term of one year each commencing after the expiry of the then current term and is terminable by either party by three months' prior notice. Each of the executive Directors entered into a service contract with the Company for a specific term which is terminable by either party by three months prior notice. None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract/letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation. We have also taken out Directors' and officers' liabilities insurance for such purposes for the Period.

The Articles have specified that any Director appointed during the year to fill a casual vacancy are subject to re-election by Shareholders at the first general meeting after appointments and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Each Director shall be subject to retirement by rotation at least once every three years pursuant to the Articles.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

Directors' Training

During the Period, the Directors received from the Company from time to time the updates on laws, rules and regulations which may be relevant to their roles, duties and functions as directors of a listed company. All Directors have been updated with the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefings and professional development to the Directors will be arranged whenever necessary. Particulars of participation by the Directors are set out as follows:

Attending training course(s)/reading materials	
Executive Director	
Mr. Zhang Liang Johnson	✓
Independent Non-executive Directors	
Mr. Xu Liang	✓
Mr. Chen Johnson Xi	✓
Ms. Zhang Yibo	✓

BOARD COMMITTEES

In order to assist the Board in discharging its duties in a more efficient manner, the Board has established, with written terms of reference, three Board committees, namely audit committee, nomination committee and remuneration committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties. The written terms of reference for each Board committee are in compliance with the Listing Rules and they are posted on the websites of the Stock Exchange and the Company.

Audit Committee

The Company established an audit committee on 23 September 2015 in compliance with Rule 3.21 of the Listing Rules. Written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision D.3.3 of the CG Code have been adopted. The primary duties of the audit committee are mainly to (i) make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (ii) to review and monitor the integrity of the Company's financial statements, annual reports and accounts and interim reports, the significant financial reporting judgements contained therein, and (iii) to oversee financial reporting system, risk management and internal control systems of the Company. As of 31 December 2025, the audit committee of the Company consists of three members, namely Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo, all being INEDs. Mr. Xu Liang, who has appropriate professional qualifications and experience in accounting matters, is the chairperson of the audit committee.

The audit committee held 5 meetings during the Period. The key works done by the committee during the Period included:

- reviewing the accounting principles and practices adopted by the Group;
- reviewing the annual and interim results of the Group and recommending the same to the Board for approval;
- reviewing and assessing the adequacy and effectiveness of the financial reporting, risk management and internal control systems of the Group;
- reviewing the reasonableness and fairness of the continuing connected transactions of the Company; and
- reviewing the re-appointment and remuneration of external auditor.

Corporate Governance Report

BOARD COMMITTEES *(Continued)*

Nomination Committee

The Company established a nomination committee on 23 September 2015 in compliance with Rule 3.27A of the Listing Rules. Written terms of reference in compliance with code provision B.3.1 of the CG Code have been adopted. The primary duties of the nomination committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy; (b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of the INEDs; (d) making recommendations to the Board on the appointment and succession planning for the Directors; and (e) reviewing the Director nomination policy (the “Nomination Policy”) and the board diversity policy of the Company (“Board Diversity Policy”) concerning the diversity of the Board and the measurable objectives that the Board has adopted for implementing the policy and to make the relevant disclosure on the progress of achieving those objectives in the corporate governance report of the Company. As of 31 December 2025, the nomination committee of the Company consists of three INEDs, namely Ms. Zhang Yibo, Mr. Xu Liang and Mr. Chen Johnson Xi. Ms. Zhang Yibo is the chairperson of the nomination committee.

During the Period, the nomination committee held 1 meeting. The key works done by the committee during the Period included:

- i. reviewed the structure, size, composition and diversity of the Board;
- ii. reviewed the Nomination Policy and the Board Diversity Policy;
- iii. reviewed the mechanisms implemented regarding independent views available to the Board;
- iv. reviewed the independence of the INEDs;
- v. reviewed Directors’ time commitment in performing their duties as Directors;
- vi. made recommendation to the Board on the re-election of Directors at the forthcoming annual general meeting;
- vii. reviewed the gender diversity target at Board level; and
- viii. made recommendation to the Board on the adoption of revised terms of reference of the Nomination Committee.

Remuneration Committee

The Company established a remuneration committee on 23 September 2015 in compliance with Rule 3.25 of the Listing Rules. Written terms of reference in compliance with Rule 3.26 of the Listing Rules and code provision E.1.2 of the CG Code have been adopted. The primary duties of the remuneration committee are mainly to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review remuneration proposals of the management with reference to the Board’s corporate goals and objectives, assess the performance of executive Directors, and ensure that none of the Directors or any of his/her associates is involved in deciding his/her own remuneration. As of 31 December 2025, the remuneration committee of the Company consists of three INEDs, namely Mr. Chen Johnson Xi, Mr. Xu Liang and Ms. Zhang Yibo. Mr. Chen Johnson Xi is the chairperson of the remuneration committee.

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The remuneration committee is authorised by the Board to determine, subject to approval by the Board, the remuneration payable to executive Directors and members of senior management, the emolument policies and the basis for determining such emoluments. No Director or any of his/her associates was involved in deciding his/her own remuneration.

During the Period, the remuneration committee held 1 meeting. The key works done by the committee during the Period included:

- reviewing the policy for the remuneration and assessing performance of executive Directors; and
- reviewing the remuneration payable to executive Directors.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code, namely:

- (i) to develop and review the Company's policies and practices on corporate governance;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (including in relation to securities trading) applicable to employees and Directors; and
- (v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the Company's annual report.

The Board held 2 meetings during the Period, at which the Board reviewed the Company's policies and practice on corporate governance and legal and regulatory compliance, training and continuous professional development participations of the Directors, as well as the Company's compliance with the CG Code.

Corporate Governance Report

BOARD MEETINGS AND ATTENDANCE RECORD OF DIRECTORS

Code provision C.5.1 of the CG Code states that at least four regular board meetings should be held each year at approximately quarterly intervals with active participation of a majority of directors, either in person or through other electronic means of communication.

During the Period, the Board held 2 meetings, and 1 Shareholders' meeting was held (being the annual general meeting of the Company held on 21 May 2025). The Directors' attendance records in respect of meetings held during the Period are shown as follows:

Name of Director	Attendance Record of Meetings held during the Period <i>(Note)</i>				Annual General Meeting
	Board	Audit Committee	Nomination Committee	Remuneration Committee	
Number of total meetings	2	5	1	1	1
Mr. Zhang Liang Johnson	2/2	N/A	N/A	N/A	1/1
Mr. Xu Liang	2/2	5/5	1/1	1/1	1/1
Mr. Chen Johnson Xi	2/2	5/5	1/1	1/1	1/1
Ms. Zhang Yibo	2/2	5/5	1/1	1/1	1/1

Note: The attendance record shown above related to those meetings of the Board/committee held during the Directors' respective tenure during the Period.

AUDITOR'S REMUNERATION

The fees in respect of audit and non-audit services provided by the external services providers, Prism Hong Kong Limited (for audit services) and Prism Hong Kong Limited and its affiliated companies (for non-audit services) to the Group for the year ended 31 December 2025 amounted to approximately HK\$680,000 and HK\$110,000 respectively. The non-audit services included primarily services in connection with reporting of continuing connected transactions, taxation and environment, social and governance consultancy.

COMPANY SECRETARY

During the Period, the Company has engaged an external service provider, Ms. Wong Tik of GIL (HK) Limited, as the company secretary of the Company. Her primary contact person at the Company is Mr. Cheung Chun Man, our financial controller. The biographical details of Ms. Wong are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

During the Period, Ms. Wong has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR ACCOUNTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Period, which give a true and fair view of the financial position and performance of the Group on a going concern basis.

Statements of Directors' responsibilities, for preparing the consolidated financial statements of the Group and external auditor's reporting responsibilities are set out in the Independent Auditor's Report in this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The management has the overall responsibility to maintain appropriate and effective risk management and internal control systems, and the Board has the responsibility to review and monitor the effectiveness of the Group's risk management and internal control systems at least annually covering material controls, including financial, operational and compliance controls, to ensure that the systems in place are adequate and effective. The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

The Company has in place an internal control system which is compatible with The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The COSO framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The five key components of the COSO framework are shown as follows:

- **Control Environment:** A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- **Risk Assessment:** A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- **Control Activities:** Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- **Information and Communication:** Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- **Monitoring:** Ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has conducted an annual review on whether there is a need for an internal audit department. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the audit committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

During the Period, the Company engaged an external independent consultant with professional staff in possession of relevant expertise to conduct an independent review of the risk management and internal control systems of the Group semi-annually in order to maintain high standards of corporate governance. The review plan has been approved by the Board and its audit committee. The Board and its audit committee had also reviewed the resources, staff qualifications and experience and training programs of the external independent consultant and considered they are adequate and sufficient.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of the relevant obligations under the SFO and the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Key initiatives in relation to our review of risk management and internal control systems during the year are summarised as below:

- (i) Corporate policies and procedures – The Group is committed to conducting business honestly, ethically and with integrity. In line with the commitment, the following policies are in place and reviewed from time to time:

Our Code of Conduct sets out the expectations and responsibilities for our Directors and staff to act with integrity and accountability in all our business dealings and relationship;

Our Whistleblowing Policy provides a reporting channel for our employees and third parties (e.g. customers, suppliers, subcontractors) who deal with the Group to raise concerns, in confidence, about misconduct, malpractice or irregularities in any matters related to the Group. The Board delegates the authority to the Audit Committee, which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken. No related cases reported during the year; and

Our Anti-Bribery and Corruption Policy and Anti-Fraud Policy promote an ethical corporate culture and set out our “zero tolerance” attitude to fraud, bribery and corruption. No related cases reported during the year.

- (ii) Key corporate risks – the Group’s key corporate risks that could threaten the business model, future performance, capital or liquidity of the business, including the business environment, market risk, environment and climate risk, were considered. No significant change in the nature and extent of risks and the Group’s ability to respond to changes in its business and the external environment since the last review was identified.
- (iii) Adequacy of resources, staff qualifications and experience in the Group’s accounting and financial reporting functions, as well as those relating to the Group’s environmental, social and governance performance and reporting and their training programmes and budget were reviewed.
- (iv) Annual risk management and internal control systems performance was reviewed, based on the following:
 - confirmation of controls’ effectiveness by management, covering financial, operational and compliance controls; and
 - the external auditor had not identified any significant control weaknesses in respect of the Group’s financial reporting cycle during the audit.

Corporate Governance Report

In respect of the Period, the Board was satisfied with the adequacy and effectiveness of the Group's risk management and internal control systems, including resource adequacy and staff qualifications and experience in the Group's accounting and financial reporting, as well as those relating to the Group's environmental, social and governance performance and reporting and their training programmes and budget.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality covenants will be in place when the Group enters into significant negotiations.

In addition, all employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including that all employees who, because of his/her office or employment, are likely to be in possession of inside information in relation to the Company, are required to comply with the Model Code.

The Board and its audit committee had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems semi-annually. Several areas have been considered during such reviews, which include but are not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems. The Board and its audit committee were not aware of any material internal control defects, and considered such systems effective and adequate throughout the Period.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide a forum for the Shareholders to exchange views directly with the Board. Subject to provisions of the applicable laws in the Cayman Islands and rules and regulations of the Stock Exchange, the Articles require that an annual general meeting of the Company is held each year and at the venue as determined by the Board. Each general meeting, other than an annual general meeting, is called an extraordinary general meeting.

According to the Articles, any one or more holders of Shares holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. The notice of requisition must be deposited at the registered office of the Company.

Subject to the provisions of the Articles, eligible Shareholders who wish to move a resolution at any extraordinary general meeting of the Company may, by means of requisition, convene an extraordinary general meeting following the procedures set out above.

Shareholders may direct enquiries about their shareholdings to the Company's share registrars. To the extent the requisite information of the Company is publicly available, Shareholders and the investing community may at any time make enquiry in respect of the Company in writing at the Company's office in Hong Kong by post, facsimile or email via the numbers and email addresses available on the Company's website at www.brainholetechnology.com.

NOMINATION POLICY

The Board has approved and adopted the nomination policy which sets out the principles guiding the nomination committee to identify and evaluate a candidate for nomination to the Board for appointment or to the Shareholders of the Company for (i) nominating new Director to fill a casual vacancy on the Board; (ii) making recommendation to Directors and Shareholders regarding any Director proposed for election or re-election at general meeting; and (iii) nomination by Shareholders on election of new Director. The policy contains a number of factors to which the nomination committee has to adhere when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board diversity policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an INED. The policy also lays down the following nomination procedures: the nomination committee (a) will take appropriate measures to identify and evaluate a candidate; (b) may consider a candidate recommended or offered for nomination by a Shareholder of the Company; and (c) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration. In case of re-appointment of existing Directors who will retire at an annual general meeting, the Nomination Committee will review the retirement of Directors and make recommendations to the Board accordingly.

Corporate Governance Report

BOARD COMPOSITION AND DIVERSITY

In compliance with the requirement set out in Rule 13.92 of the Listing Rules, the Board has also approved and adopted the Board diversity policy which sets out the approach to achieve diversity in the Company's Board to continuously seek to enhance the effectiveness of its Board by maintaining the highest standards of corporate governance and recognising and embracing the benefits of diversity in the boardroom.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Board and the Nomination Committee had reviewed the structure, size and composition of the Board with reference to the Board Diversity Policy. The current Board composition reflects diverse mix of various experience, capabilities, skills and expertise. The Company considers that the current composition of the Board, is characterised by diversity, whether considered in terms of age, length of service, professional background and skills. The current Directors possess a wealth of experience and expertise in various areas, including, but not limited to, real estate, financial and asset management and technology investments and management.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates may bring to the Board. The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels.

During the Period, the Board comprises four Directors, one of which are female. The balance of gender in the Board would bring more inspiration to the Company and enhance the business development of the Group. The Board considered that the diversity of the Board has been achieved during the Period and will continue reviewing the implementation and effectiveness of the Board diversity policy on an annual basis.

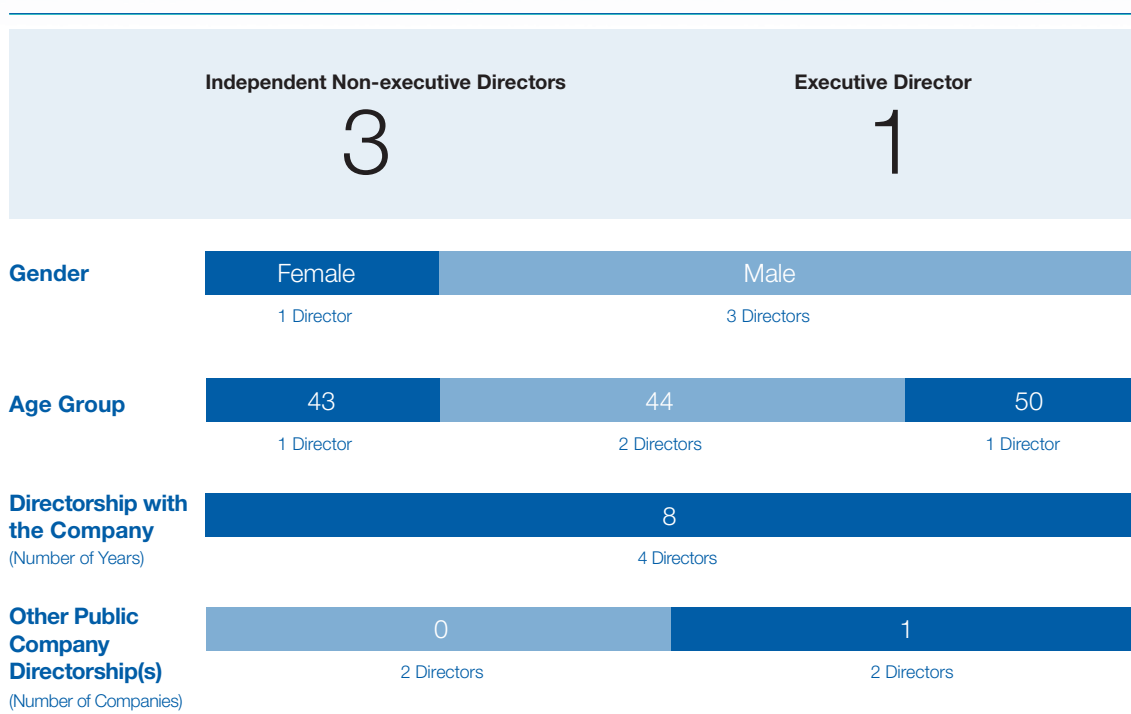
The Company also recognizes the importance of diversity at the workforce level. The Company will continue its nomination policy to select suitable candidates with no gender limitation in the future.

The Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce (including Management). Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. As at 31 December 2025, the gender ratio in the workforce of the Group (including Management) was 1.3:1, male to female.

BOARD COMPOSITION AND DIVERSITY (Continued)

The Board composition reflects a diverse mix of skills, experience, gender, age and length of service. The diversity mix of the Board as at 31 December 2025 is summarised as follows:

(i) Board Composition, Gender Distribution, Age Distribution and Length of Service



(ii) Directors' Skills and Experience

Areas of Experience	Number of Directors	Share of the Board
Related Industry Knowledge/Experience	2	50%
Business Management	2	50%
Legal/Regulatory	1	25%
Financial & Accounting	2	50%
Strategic Planning & Risk Management	3	75%

Corporate Governance Report

The Board's gender diversity level was in compliance with the Listing Rules when compared to other companies listed on the Stock Exchange, with one female director out of four (25%) as at the Period. During the Period, the Nomination Committee and the Board reviewed the gender diversity target of having no less than 25% female directors on the Board and considered that the current gender diversity of the Board was appropriate, balanced and exceeding the target set. Therefore, no timeline or plan was proposed for further enhancing the gender diversity target of the Board for the time being. The Nomination Committee will continue reviewing the composition of the Board to maintain diversity.

BOARD INDEPENDENCE

The Company recognises that Board independence is key to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. To facilitate attendance and participation at Board and other Board committee meetings, the Company plans meeting schedules with remote facilities for attendance. The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilitates effective and active participation by all INEDs. The Company has also established channels through formal and informal means whereby INEDs can express their views in an open and candid manner, and in a confidential manner, should circumstances require; these include periodic interaction with management and other Board Members including the Chairman outside the boardroom and seeking independent professional advice. The Board has reviewed the effectiveness of the board independence mechanism annually and considered such mechanism is effective.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy (the "Dividend Policy") in compliance with code provision F.1.1 of the CG Code. It is the policy of the Board that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its Shareholders value.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- the actual and expected financial performance of the Company and each of the members of the Group;
- the capital and debt level of the Group;
- the general market conditions;
- the business conditions and strategies of the Group;
- the expected working capital requirements, capital expenditure requirements and future development plans of the Group;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the liquidity position of the Group;
- any restrictions on dividend payouts imposed by any of the Group's lenders;
- the statutory and regulatory restrictions which the Group is subject to from time to time;
- interests of Shareholders; and
- any other relevant factors that the Board may deem appropriate.

Corporate Governance Report

The payment of dividend by the Company is also subject to any restrictions under the applicable laws, rule and regulations and the Articles. The Board will from time to time review the Dividend Policy and may exercise at its absolute and sole discretion to update, amend and/or modify the Dividend Policy at any time as the Board deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any specific reporting period as the Company shall require to maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its Shareholders value.

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update them with the latest business development and financial performance including the publication of interim and annual reports, the publishing and posting of notices, announcements and circulars on the websites of the Stock Exchange and the Company in order to maintain a high level of transparency. The Company has the information on the address, fax and email for taking enquiries and for receiving information requests from shareholders. The Board has reviewed the effectiveness of the shareholders' communication policy and considered that these channels allow us to receive feedback from the Shareholders.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 13.90 of the Listing Rules, the Company has published its memorandum of association and the Articles on the respective websites of the Stock Exchange and the Company. No amendments were made to the constitutional documents of the Company during the Period.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Introduction

This Environmental, Social and Governance (“ESG”) Report (the “Report”) summarises and reports on the sustainable development practice carried out by Brainhole Technology Limited (the “Company”) and its subsidiaries (collectively known as “the Group” or “Group” or “We”) covering the period from 1 January 2025 to 31 December 2025 (the “Year”). This Report covers various works on sustainable development and the ESG performance of the Group.

Reporting Scope

The Group is principally engaged in the manufacturing and trading of semiconductors, broadband infrastructure construction and the provision of integrated solutions for smart domain applications (including smart home, smart campus and smart communities). The ESG Report sets out the overall environmental and social policies of the Group when conducting business in the PRC. During the Year, the reporting scope of the Group was carefully determined based on the location of the Group’s principal activities and the entities with significant environmental impact. In view of the management’s decision during the Year to cease operations of the production lines related to the semiconductor business, this Report will focus on the disclosure of the performance of Guangzhou Weaving Communications Telecommunications Technology Limited* (廣州織網通訊科技有限公司) (“Guangzhou Weaving”), which is primarily engaged in the broadband infrastructure and smart domain businesses.

Details about the corporate governance, please refer to the Corporate Governance Report on pages 35 to 51.

Reporting Framework

This Report is prepared and disclosed by the Group in accordance with the Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Rules Governing the Listing of Securities issued by the Stock Exchange and in compliance with the “comply or explain” provisions thereof.

Reporting Principles

The content of this Report is determined through a stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing management and stakeholders’ opinions, assessing the relevance and materiality of these issues and preparing and validating the information reported. This Report covers all key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in this Report so that stakeholders are able to have a comprehensive understanding of the Group’s ESG performance. Information on the standards, methodologies, references and sources of key emission and conversion factors used in these KPIs is stated wherever appropriate. The Group had adopted consistent methodologies as far as reasonably practicable for convenient comparison with ESG performance in different years. The Group had presented and elaborated on any changes in methodologies (if any) in the corresponding section.

Comments and Feedback

For details about the ESG performance of the Group, please visit the website of the Hong Kong Stock Exchange (www.hkexnews.hk), our official website (www.brainholetechnology.com) and annual reports. We value your opinions on this Report. Please feel free to email us at info@brainholetechnology.com if you have any advice or suggestions.

Environmental, Social and Governance Report

SUSTAINABLE DEVELOPMENT OVERVIEW AND MANAGEMENT OBJECTIVES OF THE GROUP

We firmly believe that corporate success is rooted in the sustainability concept. Therefore, we make every effort to provide high-quality products, supporting services, value-added and engineering solutions for customers, and fulfill our social responsibilities to preserve the environment and support community development. The Group focuses on exploring cutting-edge global scientific and technological achievements, with the ambition to become a supplier of world-leading high-tech products and smart solutions. While serving the general public and raising household and community living quality, we are also committed to promoting the sustainable development of the environment and society. Accordingly, the Group has established several management systems in response to different business operation demands to meet both local and international standards across all the operation stations. We manage our business in a responsible manner and continue to grow and provide high-quality products and services in line with national policies on green and sustainable development, so as to make contributions to environmental protection.

Board Governance Statement

The Group is committed to the implementation of corporate goals and visions as well as the active fulfillment of social responsibilities to benefit all stakeholders. To establish an appropriate and effective ESG management approach, the Board has clearly defined responsibilities to directly manage and supervise the implementation of the ESG-related affairs by the Group. Upholding the principle of sustainable development, the Group is determined to give back to society and protect the environment. For the sake of effective implementation of the sustainable development strategy, the Board takes the responsibility of facilitating and supervising the establishment of communication channels across departments for convenient communication on ESG affairs. Furthermore, the Board is responsible for monitoring the formulation and reporting of the ESG strategies of the Group, assessing and identifying the ESG risks in a timely manner to ensure the effective operation of the ESG risk management and internal control system of the Group, so as to improve the ESG performance of the Group.

In addition, the Board engaged an independent consultant to assist the Group in the management of ESG affairs during the Year, including conducting data and information collection and analysis, and making recommendations to improve ESG performance. The consultant also assisted the Board in collecting and analyzing stakeholders' opinions on ESG matters and conducted materiality assessment. The stakeholders were asked to score and rank ESG issues as they were concerned so as to identify the Group's material ESG issues. The Board will also review the content and quality of the annual ESG report to ensure that it meets the requirements of the Board. The Board will also monitor developments in the market and regulatory authorities, and make adjustments to the ESG management approach as appropriate in order to effectively lead the ESG process of the Group.

Stakeholders Communication

The Group believes that the stakeholders' engagement and their continuous support are important for the long-term development of the Group. The Group communicated with the stakeholders under the expectation of improving the Group's sustainable development strategy and implementing its sustainable development goals. Therefore, we adopted a variety of communication methods to allow stakeholders from different areas and levels to express their opinions and suggestions, and we also responded to stakeholders' expectations and concerns in different channels to improve our ESG performance and future development strategies.

Environmental, Social and Governance Report

SUSTAINABLE DEVELOPMENT OVERVIEW AND MANAGEMENT OBJECTIVES OF THE GROUP

(Continued)

Stakeholders Communication (Continued)

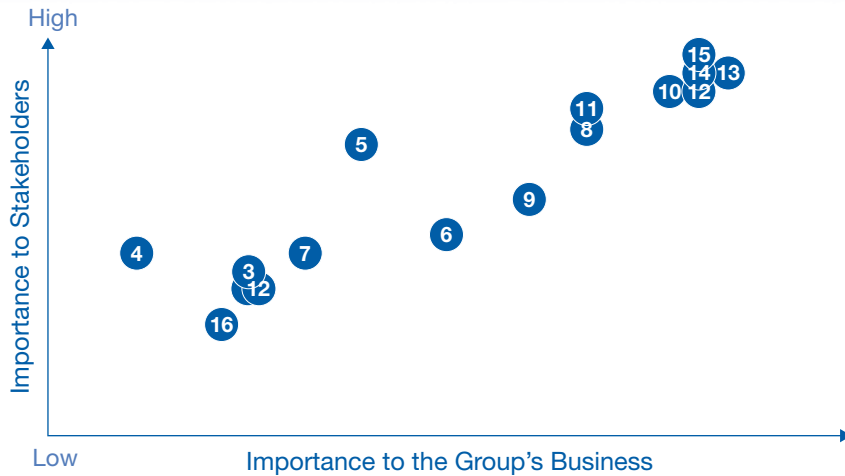
The Group engaged an independent third-party consultant for the preparation of the Report for the Year to assist in collecting of the opinions of the internal stakeholders regarding ESG issues. This will help the Group to conduct the materiality assessment effectively and comprehensively in the future, and the results will be taken as reference for the purpose of enhancing the internal management of the Group. The Group will increase the engagement of different stakeholders to collect their valuable and constructive opinions and suggestions on the development of the Group in the future.

Stakeholder	Requirement and Expectation	Communication and Response
Governments and regulatory bodies	- Compliance with national laws and regulations - Tax payment in full and on time - Safety production	- Regular reporting of information - Examination and inspection
Shareholders	- Operating in accordance with laws - Enhance company value - Transparent information and efficient communication	- General meeting - Company announcement - E-mail, telephone and company website
Partners	- Operation with integrity - Equal rivalry - Performance of contracts - Maintain stable and sound relationship	- Review and evaluation meeting - Business communication - Negotiation and cooperation
Customers	- High-quality products and services - Performance of contracts - Operation with integrity	- Customer opinion investigation - Customer communication meetings
Environment	- Emission compliance - Energy saving and emission reduction - Conservation of ecosystem	- Communication with local environmental department - Investigation and examination
Employees	- Protection of rights - Occupational health and safety - Remunerations and benefits - Career development	- Employee meetings - Employee mailbox - Training and workshop - Employee activities
Society and the public	Transparent and available information	- Company website - Company announcement

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

In order to develop an ESG management approach in a clear and effective manner, the Group conducted a materiality assessment during the Year to identify ESG issues critical to its business and stakeholders. This materiality assessment is based on stakeholder questionnaires and opinion analysis provided by independent third-party professional institutions. Through this process, we identified key ESG-related issues, which will be discussed in this Report.



Topics	Material issues
Environment	- Greenhouse gas and energy management - Water and wastewater management - Hazardous waste and environmental incidents - Climate risk response actions - Environmental compliance
Society	- Remuneration and benefits - Diversity and equal opportunities - Occupational health and safety - Employee training - Prevention of child labor and forced labor
Business operations and ethics	- Supply chain management - Responsible sales and marketing - Information security and customer privacy protection - Intellectual property rights - Anti-corruption - Community investment

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION

Green Operation Philosophy

As most of the Group's manufacturing and operating facilities are based in the PRC, the Group strictly complies with relevant local environmental laws and regulations, including but not limited to Environmental Protection Law of the PRC (中華人民共和國環境保護法), 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), Law of the PRC on Prevention and Control of Water Pollution (中華人民共和國水污染防治法) and Law of the PRC on Prevention of Environmental Pollution Caused by Solid Waste (中華人民共和國固體廢物污染環境防治法). At the same time, the Group proactively identifies and controls the potential risks in its operation which have a significant impact on the environment, so as to minimise the adverse impact on the environment arising from the business operation. To integrate environmental protection concepts into daily operations and build an enterprise that takes economic, environmental and social benefits into account, we have implemented various measures.

The Group recognises the importance of effective use of resources and has been committed to streamlining operations with a view to advocating and pursuing environmental protection policies to optimise resource use, save energy and reduce consumption. Through formulating, implementing and improving policies and procedures related to resource and energy management, the Group regulates and makes good use of resources in the production process, thereby avoiding waste of resources, reducing environmental pollution and improving production efficiency. We have actively promoted the importance of environmental protection to employees through training, so as to raise their awareness of environmental protection and practice the concepts of energy conservation, consumption reduction, waste reduction at source, effective use of resources and green office. We also monitor the use of resources such as the consumption of electricity, water, paper and packaging materials.

During the Year, the Group had not received any complaints from its customers or any other parties in respect of any environmental protection issues, and had not experienced any material environmental incidents arising from its manufacturing activities. At the same time, no material administrative sanctions or penalties were imposed upon the Group for the violation of environment-related laws and regulations which had an adverse impact on its operations.

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION *(Continued)*

Greenhouse Gas and Energy Management

Climate Change and Greenhouse Gas Emissions

In recent years, issues such as climate change and greenhouse gas emissions have gained international attention. As an eco-friendly enterprise, the Group has also strengthened the management of climate-related risks to prepare for the possible impacts of climate change on business operations. At present, the Group has adopted a series of feasible measures to gradually reduce greenhouse gas emissions in the production process as a short-term goal, and is committed to exploring plans to achieve carbon neutrality in the long run.

The Group's direct greenhouse gas emissions and energy indirect greenhouse gas emissions are produced from the consumption of vehicle fuels and purchased electricity, respectively. Among the above activities, the Group's greenhouse gas emissions mainly come from purchased electricity. In order to reduce the carbon footprint in the Group's operations, the Group has adopted a series of greenhouse gas emissions reduction measures. In terms of production, in order to achieve the goal of saving electricity and reducing emissions, we eliminate obsolete instruments and use high-energy-saving electronic instruments and machines instead, and suspend the machines when not in use to reduce machine idling and improve production efficiency. In addition to choosing online meetings over business trips whenever possible, we will also prioritise direct flights for inevitable business trips to reduce greenhouse gas emissions.

The Group recognizes that setting climate-related targets is essential for monitoring the progress of our climate strategy and achieving long-term sustainable development. Currently, the Group is in the preliminary stage of establishing climate-related targets and is committed to disclosing detailed information, including these targets and their progress updates, in future reports.

The Group's greenhouse gas emissions are as follows:

Greenhouse Gas Emissions	Unit	2025	2024
Total greenhouse gas emissions	tCO ₂ e	10	2,004
Scope 1 – direct greenhouse gas emissions	tCO ₂ e	-	4
Scope 2 – energy indirect greenhouse gas emissions <i>(Note (1))</i>	tCO ₂ e	10	1,991
Scope 3 – other indirect greenhouse gas emissions <i>(Note (2))</i>	tCO ₂ e	-	9
Intensity of greenhouse gas emissions	tCO ₂ e/employee	0.18	9.28

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION *(Continued)*

Greenhouse Gas and Energy Management *(Continued)*

Climate Change and Greenhouse Gas Emissions (Continued)

Notes:

- (1) Calculated based on the "2011 and 2012 Average Carbon Dioxide Emission Factors for Regional Power Grids in China" issued by the National Development and Reform Commission of the PRC.
- (2) Scope 3 greenhouse gas emissions in previous years stemmed from electricity consumption for government-operated water and wastewater treatment facilities related to semiconductor operations, as well as carbon emissions from employee air travel. Given management's decision to cease semiconductor operations during the Year, these emissions are absent for the current period. We are taking initial steps to initiate a gap analysis for Scope 3 emissions, striving to enhance the Group's reporting on Scope 3 emissions. We are actively collaborating with our value chain partners to narrow data gaps.

In the face of extreme weather caused by climate change, Guangzhou Weaving has elaborately formulated a set of comprehensive emergency plans. Before the occurrence of special weather conditions, it will conduct sufficient communication with employees in advance, and implement a series of special work arrangements, such as immediately suspending outdoor operations, so as to make all-out efforts to safeguard employees' health and safety. Preventive measures have been put in place in advance for possible natural disasters such as earthquakes and strong typhoons, with detailed contingency guidelines being provided for employees. In case of an emergency, work will be decisively halted and employees will be safely evacuated in a proper manner. The plans also detail various daily wind and rain preventive measures to minimise the risks of casualties caused by extreme weather.

As many government agencies and international organisations continue to tighten relevant reporting requirements for greenhouse gas emissions or raise the corporate emission disclosure standards, the Group has shouldered more responsibilities for emission reporting. Therefore, the Group is very likely to face higher operating costs in the future to cope with the increased compliance costs and implementation of new practices. In order to respond to the risks associated with climate change in a more effective manner, the Group, on one hand, closely reviews the relevant policies and regulatory updates to promptly identify climate-related risks and opportunities that may have a financial impact on the Group's business; on the other hand, proactively consults professional advisors on compliance responsibilities for reporting greenhouse gas emissions and suggestions for improvement.

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION *(Continued)*

Greenhouse Gas and Energy Management *(Continued)*

Use of Energy

The Group is committed to continually optimising its operating processes to save energy, and therefore implements power-saving measures in its offices. The Group regularly inspects and maintains power supply facilities, works out statistics on the monthly power consumption of each working area, and implements energy-saving measures to effectively control electricity consumption. For example, we will give priority to LED lamps and light bulbs when selecting light tubes to improve energy efficiency. We have divided our plants and offices into different zones, so that we can turn off the air-conditioning, lighting equipment and fans in zones that are not occupied. Additionally, we will clean the lighting equipment, fan blades and air conditioners on a regular basis to improve their operating efficiency, thus reducing waste of electricity. When using air conditioners, we will maintain the indoor temperature at 24 to 25 degrees and make sure windows are completely closed to avoid waste due to cold air loss. Meanwhile, fans are also used to increase indoor air flow to reduce power consumption. In response to energy saving and emission reduction, Guangzhou Weaving has introduced a series of employee-friendly measures. For instance, employees are allowed to put on casual wear to work in hot weather and if there is no meeting with clients, so as to reduce the use of air-conditioning. The Group strongly encourages employees to develop energy-saving habits, avoiding excessive use of lighting and air-conditioning, especially by consciously turning off the lighting equipment in corridors, staircases, meeting rooms and reception areas when there is sufficient illumination. In addition, we put up energy-saving slogans next to the switches to always remind staff to save electricity. Currently, the Group aims to reduce unnecessary energy consumption and improve energy use efficiency, and will continue to gradually reduce the intensity of energy consumption by adopting different measures, such as the use of energy-saving equipment and employee education.

The energy consumption of the Group is as follows:

Energy Consumption	Unit	2025	2024
Total energy consumption	MWh	19	4,618
Vehicle gasoline consumption	MWh	-	15
Purchased electricity consumption			
<i>(Note (1))</i>	MWh	19	4,603
Intensity of energy consumption	MWh/employee	0.33	21.38

Notes:

- (1) Based on the actual purchased electricity consumption of the Group.

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION *(Continued)*

Water Resources and Wastewater Management

The Group recognises the vital importance of water resources and has been making efforts to reduce water consumption and minimise the adverse impact of sewage on the environment. In order to conserve water resources and reduce domestic sewage discharge, the Group provides detailed explanations for employees about water-saving methods and has established clear guidelines and regulations on water facilities, domestic water and water for production in the Group. We regularly check water facilities to prevent water resource waste due to the damage of facilities; we require employees to “only turn on the water facilities for use and turn off when not in use” in water use to eliminate continuous water flow. In addition, the Group also actively promotes the water conservation concept among employees through posters, promotional cards, training and other means to raise employees’ awareness of water conservation, helping them develop good habits of consciously turning off water facilities when not in use. Currently, the Group aims to avoid unnecessary water use and improve water efficiency, and is committed to finding ways to reduce water consumption intensity. During the Year, the Group did not have any problems related to sourcing suitable water.

The total water consumption of the Group is as follows:

Water Consumption	Unit	2025	2024
Total water consumption <i>(Note (1))</i>	m ³	–	6,771
Water consumption intensity	m ³ /employee	–	31.35

Note:

- (1) As the water consumption and drainage of Guangzhou Weaving are under the full control of the property management company, water-related data cannot be collected.

The Group’s water consumption in previous years primarily stemmed from production line cooling processes associated with semiconductor operations. Given management’s decision to cease related production during the Year, no such water usage occurred during the Year.

Waste Management

The Group proactively engages in the comprehensive rollout of “3R” programs in its factories and offices, which means focusing on reducing waste generation at source, reusing items multiple times and recycling waste materials, so as to make every effort to reduce waste generation. We also strongly encourage the use of environmentally-friendly alternative materials throughout the entire production process, continuously optimise production processes and effectively implement inventory control and management to reduce unnecessary waste at every stage. The Group will make all efforts to recycle materials with reusable value for recycling purposes, transforming waste into usable materials. Currently, the Group regards actively promoting and thoroughly implementing the concept of circular economy as a key objective, focusing on enhancing employee education to strengthen their environmental awareness and actively implementing various recycling measures to achieve waste reduction goals.

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION *(Continued)*

Waste Management *(Continued)*

In order to mitigate the adverse impact of solid waste on the environment, the Group has developed detailed and clear guidelines for employees to identify, collect, store and dispose of solid waste. Meanwhile, we actively organise employees to participate in the knowledge training about waste classification, in an effort to enable employees to place waste in the appropriate collection container according to its category with proficiency and accuracy. When disposing of non-hazardous waste, employees will cautiously classify recyclable waste, such as metal frames, paper and plastic waste generated during production and operation, before delivering it to a qualified waste contractor for proper handling. For unrecyclable non-hazardous waste such as general garbage in dormitories and offices, it is cleaned up and transferred on a daily basis by external cleaning staff.

The Group actively advocates cutting paper consumption, reducing waste generation at source, and vigorously promoting related publicity and training. The Group attaches great importance to paper saving and is committed to eliminating unnecessary waste. Internally, the Group actively encourages employees to prioritise the use of email systems for information transmission, so as to reduce the use of fax and document photocopying. To improve paper usage efficiency, we encourage employees to adopt double-sided copying and printing, and recommend using recycled paper to print non-essential informal documents. Furthermore, each department must apply for the respective amount of paper according to actual monthly office requirements so that the Group can effectively monitor the paper consumption to prevent excessive paper use. Meanwhile, the head of each department will strictly supervise and evaluate the use of paper in their department's office, set clear paper consumption targets and actively implement various effective measures to achieve paper consumption reduction goals. During the Year, a total of 0.23 tonnes (2024: 1.35 tonnes) of paper was used by the Group.

Additionally, the hazardous waste generated by the Group in previous years primarily consisted of waste organic solvents from ultrasonic cleaning of packaged products and cleaning of precision components in bonding machines within the semiconductor business, as well as waste mineral oil from machinery maintenance. Given management's decision during the Year to cease related production, the hazardous waste generated this Year consisted solely of minimal waste batteries from office operations, totaling 2 kilograms (2024: 1,519 kilograms). To ensure proper disposal of hazardous waste and prevent potential environmental issues arising from improper handling, employees must clearly label collected hazardous waste with detailed information, including name, quantity, and production location. This waste is then stored in designated areas compliant with relevant regulations.

The non-hazardous waste and hazardous waste generated by the Group's business operations were as follows:

Waste	Unit	2025	2024
Total non-hazardous waste generated <i>(Note (1))</i>	tonnes	0.1	20
Intensity of non-hazardous waste	tonnes/employee	0.002	0.09
Total hazardous waste generated <i>(Note (2))</i>	kg	2	1,519
Intensity of hazardous waste	kg/employee	0.03	7.03

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION (Continued)

Waste Management (Continued)

Notes:

- (1) Calculated based on the actual weight of the non-hazardous waste generated, namely metallic frames, paper and plastic waste generated by the Group.
- (2) Calculated based on the actual weight of hazardous waste generated.

Pollution Management

The Group's exhaust gas from production is mainly derived from Guangzhou Weaving, which records no material exhaust gas generated from production, as it primarily operates in office environments. During the Year, the Group had not received any notifications on the non-compliance in respect of emitting exhaust gases from production. In addition to minimal production exhaust emissions, the Group's vehicle usage also generates exhaust emissions. We regularly review vehicle compliance with automotive emission standards by continuously recording and monitoring fuel consumption, striving to maximize vehicle operational efficiency. Furthermore, we conduct routine vehicle inspections, repairs, and maintenance to preserve vehicle performance, and minimize engine idling to prevent fuel wastage.

The Group's vehicle emissions are as follows:

Vehicle Emissions (Note (1))	Unit	2025	2024
Nitrogen oxides (NOx)	kg	–	6.46
Sulphur oxides (SOx)	kg	–	0.08
Particulate matters (PM)	kg	–	0.48

Note:

- (1) The vehicle emissions are calculated based on the "Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

Packaging Materials

The Group's packaging materials are mainly used in the packaging of various intelligent system parts and optical fiber products.

The consumption of packaging materials by The Group during the Year is as follows:

Use of Packaging Materials (Note (1))	Unit	2025	2024
Consumption	tonnes	0.005	3.8
Intensity	tonnes/million products units	N/A	0.005

Note:

- (1) Based on the actual packaging materials consumption records of Guangzhou Weaving.

Environmental, Social and Governance Report

Climate Change

The Group identifies and manages climate-related matters within its operations. The following summarizes climate-related risks, their potential consequences for the Group's business, and how we manage these potential business impacts.

Climate-related Risks	Time	Potential Impacts (Note (1))	Response Measures
Physical Risks:			
<i>Acute Risks</i>			
1) Typhoons China's coastal regions (Greater Bay Area) are frequently hit by typhoons, which may cause damage to outdoor infrastructure.	Short-term	Typhoons or heavy rains and floods may directly damage outdoor broadband lines, causing breaks or hardware failures that lead to service interruptions and revenue losses	Closely monitor weather forecasts and warnings issued by Hong Kong Observatory and National Meteorological Center to ensure employees can leave work early or suspend operations at appropriate times to safeguard their safety
2) Flooding Extreme weather such as torrential rains may trigger flooding, potentially leading to property damage for the Group.	Short-term	- Increased infrastructure maintenance costs - Extreme weather-induced transportation disruptions may delay supply chains, resulting in project delivery delays and cost overruns - Heightened health and safety risks	Implement protective measures before typhoons or heavy rains and floods strike to minimize property damage to the Group
<i>Chronic-term Risks</i>			
Changes in rainfall and weather patterns, rising average temperatures, and sea level rise. Long-term risks such as prolonged heatwaves may impact employee occupational safety and health.	Long-term	- Decreased employee productivity - Increased health and safety risks for outdoor workers, such as heightened risk of heatstroke and heat exhaustion - Shortened equipment lifespan, increased maintenance and replacement frequency, and higher repair and upkeep costs	- Remain vigilant about our health and safety systems and policies - Monitor weather forecasts and alerts issued by Hong Kong Observatory and National Meteorological Center, adjust work arrangements, stock heat-related items, and provide occupational safety and health information to employees

Environmental, Social and Governance Report

Climate-related Risks	Time	Potential Impacts (Note (1))	Response Measures
Transition Risks:			
1) Policy and Regulatory Risks National environmental laws and regulations are becoming increasingly comprehensive, with the government intensifying environmental oversight. The Stock Exchange is raising its requirements for climate-related disclosures.	Short-to-medium term	- Increased compliance costs - Insufficient disclosure may impact listing status or result in fines	- Monitor significant policy developments, comply with national laws and regulations, and continuously disclose relevant data in accordance with the Stock Exchange's listing rules - Explore the feasibility of implementing internal carbon pricing. During the Year, the Group did not apply carbon pricing in its decision-making processes
2) Technical Risk Market shift toward higher-efficiency, low-emission alternatives to existing products and services.	Mid-term	Invest additional capital expenditures in equipment upgrades	Closely monitor shifts in market demand and promptly adjust research and development and product direction
3) Market Risk Changes in industry demand and shifts in customer product requirements.	Short-to-mid-term	- Increase related procurement costs - Risk revenue loss if the Group fails to meet customer needs and loses client trust	Closely monitor shifts in market demand and changes in customer needs, promptly adjusting the Company's strategic objectives and product direction

Notes:

- (1) Regarding the quantification of current and expected financial impacts (including how climate-related risks and opportunities affect the Group's financial position, financial performance, and cash flows; and the amount and percentage of the Group's assets or business activities affected by physical climate-related risks and transition risks) - We are taking preliminary steps to assess the feasibility of disclosing the financial impacts of climate-related risks and opportunities.
- (2) Regarding scenario analysis - We are currently in the preliminary stages of exploring disclosure matters for future reporting.

Environmental, Social and Governance Report

EMPLOYMENT AND LABOUR PRACTICES

Occupational Health and Safety

The Group prioritises employee safety protection and is committed to providing a safe working environment for incumbent employees. As a responsible employer, the Group strictly complies with laws and regulations related to occupational health and safety, including but not limited to the Law of the PRC on Work Safety 《(中華人民共和國安全生產法)》, the Law of the PRC on the Prevention and Control of Occupational Diseases 《(中華人民共和國職業病防治法)》 and the Hong Kong Occupational Safety and Health Ordinance.

To effectively reduce safety risks, the Group maintains close oversight of risk factors of different positions in the production processes and proactively provides comprehensive and professional safety training for relevant staff. The Group's training programs emphasise critical elements, including reminding employees of necessary preventive measures for daily operations and emergency response procedures for accidents. Meanwhile, the Group makes every effort to ensure all employees are well acquainted with the specific requirements of the internal work safety system and safe operation regulations and proficient in safe operation skills. The Group also meticulously arranges an annual fire drill for all employees to participate in, and after the drill, will carry out in-depth rectification and careful inspection of deficiencies exposed during the drill, striving to continuously enhance its fire emergency response capabilities. As for the control procedure training, the Group attaches great importance to occupational safety training, the content of which covers the internal audit of the environment, occupational and health and safety system to help employees gain deeper understanding of the operations and requirements of relevant systems; and includes the methods for identifying hazards to enable accurate recognition of workplace dangers by employees; and how to evacuate workers in case of emergency to ensure staff can safely and swiftly exit hazardous situations in the face of sudden dangers.

Environmental, Social and Governance Report

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

Occupational Health and Safety *(Continued)*

The Group attaches great importance to occupational disease hazards that employees may face in the working environment. Accordingly, based on the characteristics of occupational hazards of different positions, we have equipped employees with corresponding personal protective equipment, such as filter gas mask, electrically insulated shoes for electric shock protection, anti-acid overalls against acid corrosion and anti-noise ear shields for isolating noise. Employees must properly wear personal protective equipment during working hours strictly according to the regulations. We will also regularly check the performance of personal protective equipment to make sure it is safe for employees to use. In addition, we will also carry out maintenance and comprehensive inspections of the production equipment and containers on a regular basis to minimise the possibility of accidents. For those employees who are exposed to occupational disease hazards, we will systematically arrange regular health examinations to keep track of their physical condition, enabling early detection, timely prevention and proper treatment of any occupational health issues. During the Year, the Group has updated the completion of its environmental, occupational health and safety performance indicators, including five indicators of the completion of corrective actions for accidents and non-compliance, monitoring and measurement results, compliance evaluation outcomes, internal and external audit findings and employee consultation results and participation records.

Moreover, in an attempt to prevent, control and reduce the occurrence of various safety accidents, minimise the damages caused by accidents, and protect the life and property of the Group and its employees, we provide clear working guidelines for employees to tackle potential accidents in production processes, which covers a series of emergency plans and handling processes for fire, food poisoning, electric shock, typhoon, falling from height and workplace injuries. On top of this, we also have in place duly regulations on the management of work-related injuries, requiring employees to send the injured to the hospital immediately when the accident occurs and truthfully report the incident to their superiors, so that the Group can carry out appropriate investigation and follow-up work to prevent the recurrence of similar accidents.

Other occupational health and safety measures adopted by the Group are as follows:

- Providing health checks to its PRC employees prior to commencement of employment;
- Streamlining operation process on a continuous basis and reducing or eliminating the use of known hazardous substances in the operation process to the extent practicable;
- Engaging qualified contractors for the inspection of fire safety equipment at the Group's operating sites and office premises;
- Providing guidance and specific technical training to employees who may come in contact with potentially hazardous substances;
- Prohibiting smoking at the workplace and office premises; and
- Regular cleaning of the water supply filters and daily garbage removal.

Environmental, Social and Governance Report

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

Occupational Health and Safety *(Continued)*

During the Year, the number of work injuries and the number of loss days due to work injuries recorded by the Group were both zero (work injuries in 2024: 0). The number and rate of work-related fatalities of the Group in the past three years were as follow:

Health and Safety	2025	2024	2023
Number of work-related fatalities (persons)	0	0	0
Rate of work-related fatalities (%)	0	0	0

Working Conditions and Welfare

The Group always strives to build a harmonious workplace for employees for the purpose of enhancing sincere and interactive communication, supporting employees' career development, and protecting the welfares of employees. We strictly comply with laws and regulations related to employment, including but not limited to the Labor Law of the PRC, the Labor Contract Law of the PRC and the Hong Kong Employment Ordinance. We provide equal opportunities and create a harmonious working environment.

The Group offers competitive salary and benefits as well as a career ladder for employees, so as to attract talents. The Group has established the remuneration management system and determines employees' remuneration with reference to their educational background, experience, job duties, professional skills and technical abilities, as well as the salary level for similar job positions in the industry. Guangzhou Weaving has developed the employee performance appraisal form, which is separated into two sections: self- evaluation and evaluator evaluation. On one hand, employees can improve their self-cognition and enhance their self-management ability through self-evaluation; on the other hand, evaluator evaluation can promote communication and feedback between the two sides based on the difference between self-evaluation and evaluator evaluation. During the Year, the Group has not yet incorporated climate-related considerations into its remuneration policy.

In order to guarantee adequate rest for employees and strike a balance between work and life, employees are entitled to legally required paid holidays in addition to statutory holidays. By reviewing the working hours of the employees, we strive to prevent forced labour or overtime work in the business operations on a best effort basis. The Group stipulates a working time of standard for eight-hour working day and a five-day working week. If employees are required to work overtime for business purposes, they will be compensated in accordance with the relevant regulations.

In addition, the Group, in accordance with the relevant legal requirements in the PRC and Hong Kong, also makes contributions to the statutory pension scheme for Hong Kong employees, and provides social insurance, annual body checkings, marriage and maternity allowances, housing allowances and external assignment allowances for employees in the PRC. Meanwhile, incumbent employees are also entitled to medical benefits. In a bid to build a warm and harmonious working environment, the Group organises leisure activities for employees such as annual dinner, birthday parties and lottery, etc., and sends presents to employees at festivals, to allow them to gather outside of work for bonding and team building.

Environmental, Social and Governance Report

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

Vocational Training and Development

In order to actively promote the sustainable development of the Group and achieve efficient operation, the Group recognises that employees are the core element of business development and has therefore always placed nurturing talent as a top priority.

Safety is the cornerstone of everything we do. In addition to providing relevant comprehensive and systematic safety training for employees, the Group also adheres to the concepts of advancing with the times and continuous improvement and meticulously arranges diverse internal and external training courses for its current employees on a regular basis. These courses cover many areas such as cutting-edge knowledge of the industry, advanced management concepts and professional skill improvement, aiming to improve the comprehensive quality of employees in an all-round way. Employees must pass rigorous assessment after finishing the training to gain acknowledgment of their learning outcomes, thus ensuring that each employee's continuous enrichment of professional knowledge and smoother career progression.

To better facilitate the development of new employees, the Group proactively introduced a mentorship program whereby experienced senior staff members serve as mentors and provide hands-on guidance for new hires. These mentors not only offer detailed work instructions in daily operations but, more importantly, through one-on-one mentorship, stimulate new employees' initiative in self-directed research and job skill acquisition. Concurrently, the head of each department will also actively assume the responsibility for assisting new staff, helping them quickly familiarise themselves with the Group's operation process and integrate into the Group's working environment, and enabling new employees to adapt to their new roles in the shortest time possible and give play to their own values.

In addition, the Group will also maintain close attention to industry dynamics and practical work requirements, regularly invite industry experts and scholars to the Group for specialised lectures. Leveraging their profound academic attainments and extensive practical experience, these experts and scholars provide employees with the latest academic achievements and industry insights, which not only effectively enhance employees' academic skills in their respective positions but also further improve work efficiency, driving the overall business operations of the Group towards greater effectiveness.

During the Year, training provided by our Group covered topics such as:

- Job-related knowledge training: including operation process, related knowledge and material use, etc.
- Production management training: including operation management process and supply chain management
- Quality management training: including the quality standards and assessments of the Group
- ISO system knowledge training: to provide employees with the content and standards of the ISO system
- Administrative management and systems training: to explain the Group's general administrative system, management system and the specific system of individual departments

Environmental, Social and Governance Report

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

Vocational Training and Development *(Continued)*

- Occupational safety and health training: to popularise safety common sense, strengthen fire safety awareness and raise employees' awareness of safety production
- Comprehensive management skills training for management personnel: including personnel management and team building

During the Year, the Group has provided in aggregate 259 hours (2024: 4,007 hours) of job related vocational training on the above topics to its staff.

Indicator		2025		2024	
		Percentage of employee trained (%)	Average training hours (hours)	Percentage of employee trained (%)	Average training hours (hours)
By gender	Male	18	21.7	98	18.9
	Female	24	21.5	97	18.2
By employment category	Senior	57	20.8	82	20.4
	Middle	50	26.7	99	22.2
	Junior	11	19.2	99	15.2

Meanwhile, the promotion or demotion of employees is conducted by the Group on basis of employees' working competence, performance, experiences and job vacancies. During the Year, the Group continued to adopt an open-door communication policy and carried out an annual review with its employees on their performance, with an aim of giving an equal opportunity of promotion and clear career path for employees.

Anti-discrimination, Diversity and Inclusion

The Group makes every effort to guarantee that there is no discrimination against potential candidates or incumbent employees on account of their sex, religion, race, colour, age, physical conditions or hobbies, etc. Our recruitment process adheres to the principles of fairness, openness and equal treatment, and focuses on candidates' expertise and job suitability while strictly prohibiting discrimination in any form. The Group prohibits immoral conduct such as violence or stalking among employees and has established an internal complaint mechanism. Employees who encounter unfair treatment may file complaints according to such mechanism to safeguard themselves from harassment. Additionally, the Group has formulated anti-discrimination and anti-harassment procedures, smooths complaint channels and handles issues in a timely manner.

Environmental, Social and Governance Report

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

Anti-discrimination, Diversity and Inclusion *(Continued)*

During the Year, the employee composition of the Group within the range of report are as follows:

Number of employees by gender	2025		2024	
	Number	%	Number	%
Male	33	57%	118	55%
Female	25	43%	98	45%

Number of employees by employment type	2025		2024	
	Number	%	Number	%
Full-time	58	100%	216	100%
Part-time	–	0%	–	0%

Number of employees by age	2025		2024	
	Number	%	Number	%
<30	4	7%	44	20%
30-50	45	77%	163	76%
>50	9	16%	9	4%

Number of employees by geographical region	2025		2024	
	Number	%	Number	%
PRC	52	90%	208	96%
Hong Kong	5	8%	7	3%
Malaysia	1	2%	1	1%

Environmental, Social and Governance Report

EMPLOYMENT AND LABOUR PRACTICES *(Continued)*

Anti-discrimination, Diversity and Inclusion *(Continued)*

During the Year, the employee turnover rate (%) of the Group is as follows:

Indicator		2025	2024
By gender	Male	12	36
	Female	12	22
By age	<30	5	18
	30–50	16	28
	>50	3	2
By region	PRC	14	52
	Hong Kong	10	5
	Malaysia	–	1

Anti-child and Forced Labour

As a responsible employer, the Group advocates ethics and human rights at the workplace and explicitly prohibits the behaviours that violate human rights, such as child and forced labour. When engaging new staffs, we require applicants to submit their identity certificate documents to the Group for age verification. The Group will immediately terminate his/her employment and look into the reasons once discovering any employment of child worker who has deliberately concealed his/her age. During the Year, all employees of the Group were aged 18 or above. Before the formal entry of employees, the Group will enter into an employment contract with employees, which explicitly specifies the terms such as working hours, remuneration, insurance and compensation of employees, so as to protect the freedom and interests of employees, and avoid forced labour.

RESPONSIBLE OPERATING PRACTICES

Responsible Procurement

The Group continuously strives to improve and perfect the quality of its products and services while adhering to the principle of sustainable development, in the hope of providing customers and society with quality products and services. Support from and cooperation of suppliers are essential to the Group's business operations. In the selection of suppliers, we will take the product quality, delivery performance, production capacity, compliance and other factors as the evaluation criteria, and only suppliers who meet the relevant criteria will be admitted as our qualified suppliers. Moreover, the environmental, health and safety performance of suppliers are also taken into consideration in the selection of suppliers by the Group, in which we will give priority to suppliers with ISO quality or environmental management system certifications.

Environmental, Social and Governance Report

RESPONSIBLE OPERATING PRACTICES *(Continued)*

Responsible Procurement *(Continued)*

The Group also follows an ethical procurement policy and makes every effort to source raw materials and traded goods from socially responsible suppliers. In this regard, the Group trains its staff in charge of supply chain management to, on a practical basis, ensure that the materials and products provided by selected suppliers are in compliance with laws and regulations, and that such suppliers abide by employment laws and regulations against slavery and human trafficking, so as to reduce social risks in the supply chain.

In order to reduce environmental and social risks in the supply chain, the Group will conduct quality and environmental risk assessments on suppliers. Guangzhou Weaving also conducts an annual assessment of suppliers, considering their social responsibility risk performance, such as past litigation situations. According to the results of on-site review and questionnaire evaluation, we will give priority to cooperation with suppliers with good evaluation results and remove suppliers who do not meet the cooperation standards from the list of qualified suppliers, so as to ensure supplier practices and their products meet the Group's standards. The management of the Group will also review the procurement process, and the Group may shift to other suppliers to purchase materials or products if deficiencies in a supplier's environmental and social responsibility practices are identified and remain unaddressed following improvement requests.

During the Year, all the suppliers of the Group are governed by the aforesaid supplier management procedures, and the number of suppliers by region is as follows:

Suppliers	2025	2024
Total	19	978
By region		
PRC	19	973
Overseas	–	5

Environmental, Social and Governance Report

RESPONSIBLE OPERATING PRACTICES *(Continued)*

Superior Quality

The Group attaches great importance to providing customers with high-quality and safe products, and strictly complies with laws and regulations in relation to quality, including but not limited to the Product Quality Law of the PRC and the Construction Law of the PRC.

When undertaking the communication network and intelligent system construction business, Guangzhou Weaving will adopt strict quality control measures in the whole proceeding process of a project, including random inspection of construction quality at the stages including the project inception, construction and completion, and effectively implement safety production and safety management objectives. Upon the completion of the project, Guangzhou Weaving also has a warranty period to ensure customers' satisfaction. Guangzhou Weaving has also obtained the ISO9001:2015 Quality Management System Certification.

In the course of conducting business, the Group strictly prohibits the staff from deceiving consumers by any false or misleading marketing methods, insists on the principle of good faith and actively advocates fair competition. The Group attaches great importance to the relationship with customers and warmly welcomes their valuable comments on the Group's products or services. We continue to improve the relevant customer service control procedures and sort out, reply to and follow up on the comments or complaints from customers and make improvements in a timely manner, striving to comprehensively enhance the quality of our products, service standards and management efficiency.

During the Year, the Group had not sold or shipped products that needed to be recalled for safety and health reasons. In addition, the Group has not received any product-related complaints (2024: 5) and promptly dealt with the complaints for customers according to the aforementioned mechanism, striving to provide high quality services and experiences to the customers.

Intellectual Property Rights and Privacy Protection

The Group attaches great importance to protecting intellectual property and customer privacy, and strictly abides by intellectual property-related laws and regulations, including but not limited to the Trademark Law of the PRC, the Patent Law of the PRC, the Copyright Law of the PRC and the Intellectual Property Laws of Hong Kong. In order to protect the intellectual property of customers, the Group will only legitimately employ their patents, trademarks and technologies after obtaining their authorisation. We also organise regular trainings related to intellectual property for our employees in a view to raise their awareness of intellectual property protection.

Environmental, Social and Governance Report

RESPONSIBLE OPERATING PRACTICES *(Continued)*

Anti-corruption

Conducting business with integrity is one of the core values underlying the Group's business operations. The Group firmly believes that an effective anti-corruption mechanism is a fundamental cornerstone for safeguarding the sustainable development of the Group, and the Group strictly complies with anti-corruption related laws and regulations, including but not limited to the Criminal Law of the PRC and the Prevention of Bribery Ordinance in Hong Kong. Adhering to the principle of "enhancing the awareness of integrity and zero tolerance for corruption", the Group has provided anti-corruption training and rigorously promoted clear work ethics for employees in various departments which strictly prohibits bribery, extortion, fraud, money laundering and other wrongdoings, such as gambling, taking personal loans from persons having business relationships with the Group, misappropriation of the Group's assets, inappropriate charitable donation or sponsorship, unlawful solicitation of business and investment or preferential treatment, provision or acceptance of inappropriate gifts, entertainments or other improper benefits, etc.

The Group requires its employees to declare interests held in the business partners, suppliers and advisers that may conflict with the Group's business interests. Meanwhile, employees are required to comply strictly with anti-corruption laws. Employment contracts expressly stipulate that anyone who is in violation of the relevant laws will be subject to termination of employment. As for suppliers and business partners, the Group also requests them to abide by the local anti-corruption laws and regulations. In order to prevent external corruption, the Group has issued an anti-corruption open letter to them, requesting compliance with the Group's anti-corruption regulations during the course of cooperation. The Group encourages its employees, customers and suppliers to report possible malpractice or impropriety in respect of matters relating to the Group. The Group provides confidential channels to protect whistleblowers' identities, deals with reports and conducts investigations in a serious manner to ensure that reports are taken seriously and treated fairly.

During the Year, the Group did not receive any complaint or notification from governmental authorities regarding non-compliance of the Group or its employees with anti-corruption laws referred to above.

CARE FOR COMMUNITY

While actively expanding its business, the Group has always kept in mind its mission of giving back to society by actively engaging in public welfare undertakings and bravely assuming its corporate social responsibilities. The Group clearly recognises that its development is inextricably linked to the relationship with the surrounding community, as the prosperity and stability of the community are pivotal for an enterprise to achieve sustainable development. Therefore, over the years, the Group has proactively participated in various community construction work, and made its contribution to the improvement of the community environment and public infrastructure. In the process of promoting community and social development, the Group expects to strengthen its corporate brand image with concrete actions, earn the trust of the community, establish a long-term and stable partnership with the community, and work together to create a better future.

Environmental, Social and Governance Report

THE ESG REPORTING GUIDE CONTENT INDEX

ESG Indicator	Description	Section
ENVIRONMENT		
Aspect A1: Emissions	General Disclosures Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	Environmental Protection - Greenhouse Gas and Energy Management - Water Resources and Wastewater Management - Waste Management - Pollution Management
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection - Greenhouse Gas and Energy Management - Pollution Management
KPI A1.3	Total hazardous waste produced (in kg) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection Greenhouse Gas and Energy Management
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.	Environmental Protection Waste Management

Environmental, Social and Governance Report

ESG Indicator	Description	Section
Aspect A2: Use of Resources	General Disclosures Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection - Greenhouse Gas and Energy Management - Water Resources and Wastewater Management - Packaging Materials
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).	Environmental Protection Greenhouse Gas and Energy Management
KPI A2.2	Water consumption in total and intensity e.g. per unit of production volume, per facility).	Environmental Protection Water Resources and Wastewater Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection Greenhouse Gas and Energy Management
KPI A2.4	Description of whether there is any issue insourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection Water Resources and Wastewater Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection Packaging Materials
Aspect A3: The Environment and Natural Resources	General Disclosures Policies on minimising the issuers' significant impact on the environment and natural resources.	Environmental Protection Green Operation Philosophy
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection Green Operation Philosophy

Environmental, Social and Governance Report

ESG Indicator	Description	Section
Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosures Information on: (a) the policies; and (b) compliance with relevant laws; and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices - Working Conditions and Welfare - Anti-discrimination, Diversity and Inclusion
KPI B1.1	Total workforce by gender, employment type (full-time or part-time), age group and geographical region.	Employment and Labour Practices Anti-discrimination, Diversity and Inclusion
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices Anti-discrimination, Diversity and Inclusion
Aspect B2: Health and Safety	General Disclosures 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.	Employment and Labour Practices Occupational Health and Safety

Environmental, Social and Governance Report

ESG Indicator	Description	Section
KPI B2.1	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	Employment and Labour Practices Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Employment and Labour Practices Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employment and Labour Practices Occupational Health and Safety
Aspect B3: Development and Training	General Disclosures Policies on improving employees' knowledge and skills for discharging duties at work; and description of training activities.	Employment and Labour Practices Vocational Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment and Labour Practices Vocational Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employment and Labour Practices Vocational Training and Development
Aspect B4: Labour Standards	General Disclosures 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 or forced labour.	Employment and Labour Practices Anti-child and Forced Labour

Environmental, Social and Governance Report

ESG Indicator	Description	Section
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices Anti-child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Practices Anti-child and Forced Labour
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosures Policies on managing environmental and social risks of the supply chain.	Responsible Operating Practices Responsible Procurement
KPI B5.1	Number of suppliers by geographical region.	Responsible Operating Practices Responsible Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Operating Practices Responsible Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Operating Practices Responsible Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and service when selecting suppliers, and how they are implemented and monitored.	Responsible Operating Practices Responsible Procurement

Environmental, Social and Governance Report

ESG Indicator	Description	Section
Aspect B6: Product Responsibility	General Disclosures 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.	Responsible Operating Practices • Superior Quality • Intellectual Property Rights and Privacy Protection
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Responsible Operating Practices • Superior Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Responsible Operating Practices • Superior Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Responsible Operating Practices • Intellectual Property Rights and Privacy Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Responsible Operating Practices • Superior Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Responsible Operating Practices • Intellectual Property Rights and Privacy Protection

Environmental, Social and Governance Report

ESG Indicator	Description	Section
Aspect B7: Anti-corruption	General Disclosures 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.	Responsible Operating Practices • 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.	Responsible Operating Practices • Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Operating Practices • Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Operating Practices • Anti-corruption
Community		
Aspect B8: Community Investment	General Disclosures 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.	Care for Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care for Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus Area.	Care for Community

Independent Auditor's Report



TO THE SHAREHOLDERS OF BRAINHOLE TECHNOLOGY LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Brainhole Technology Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 89 to 171, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the 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, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Hong Kong. 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 to the consolidated financial statements, which indicates that the Group incurred a loss for the year ended 31 December 2025 and recorded net cash outflows from operating activities during the year. As stated in note 1, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

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

- Revenue recognition on broadband infrastructure construction services;
- Impairment of plant and equipment; and
- Provision of expected credit loss for trade receivables.

Revenue recognition on broadband infrastructure construction services

Refer to note 7 to the consolidated financial statements and the relevant accounting policies.

The key audit matter	How the matter was addressed in our audit
For the year ended 31 December 2025, revenue from broadband infrastructure construction services was approximately HK\$14,616,000. The Group has recognised the revenue from broadband infrastructure construction services overtime by applying the output method with reference to the certificates issued by the customers. Significant judgements and estimates have been made by the management when measuring progress towards complete satisfaction of a performance obligation of contracts at the end of the reporting period. We have identified the revenue recognition on broadband infrastructure construction services as a key audit matter in view of the measurement of the progress and outcome of contracts involved significant judgements and estimates, which may be subject to the management bias.	Our procedures were designed to assess and challenge the management judgements and estimates used in the determination of the progress of contracts. We have assessed and challenged the appropriateness of the revenue recognition policy adopted by the management. We tested the amount of revenue recognised through inspecting the relevant supporting documents (such as contracts, completion certificates issued by the customers etc.) and recalculating the percentage on the progress towards complete satisfaction of a performance obligation, on a sample basis.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Impairment of plant and equipment

Refer to note 16 to the consolidated financial statements and the relevant accounting policies.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the carrying amount of the Group's plant and equipment (net of impairment loss) was approximately HK\$23,891,000. Given the Group has incurred continuous operating losses, there is a risk that the carrying amounts of plant and equipment in respective cash-generating unit ("CGU") are higher than their recoverable amounts. Recoverable amount is the higher of the value in use and fair value less costs of disposal. Management carried out an impairment assessment, with assistance from an independent professional valuer, which involved estimating the recoverable amount of the plant and equipment in the relevant CGU. Management determined its recoverable amount based on value in use and fair value less costs of disposal. No impairment loss in respect of plant and equipment has been recognised for the year ended 31 December 2025. We have identified the impairment of plant and equipment as a key audit matter because the total carrying amount of plant and equipment is significant to the consolidated financial statements and the impairment of plant and equipment involved significant judgments, estimates and uncertainty which may be subject to the management bias and uncontrollable.	Our audit procedures were designed to obtain, understand and evaluate management's impairment assessment process. We have obtained an understanding of the work of the independent professional valuer engaged by management, and assessed the objectivity, independence and competency of the external valuer. We have tested the mathematical accuracy of the value in use calculation of the cash flow forecast. We involved independent valuation specialists to evaluate the appropriateness of the valuation methodology used by management and their engaged valuer in determining the recoverable amounts. In addition, we have tested the key assumptions and inputs used in the calculation of recoverable amounts, including revenue growth rate, discount rate, and/or estimated fair value less costs of disposal by reference to available market data and internal source of information, and compared the impairment assessment performed by the independent professional valuer engaged by management with the evaluation provided by our independent valuation specialists.

KEY AUDIT MATTERS (Continued)

Provision of expected credit loss ("ECL") for trade receivables

Refer to note 20 to the consolidated financial statements and the relevant accounting policies.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the carrying amount of the Group's trade receivables was approximately HK\$6,865,000 (net of allowance for impairment loss of HK\$21,536,000). Management determine the impairment provisions for trade receivables based on assumptions about ECL with the support of independent professional valuer. Except for credit-impaired balances, the Group uses a provision matrix to calculate the ECL for trade receivables. The provision rates are based on the credit risk of the debtors and days past due as groupings of various debtors that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking information are considered. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. Impairment loss in respect of trade receivables of approximately HK\$1,788,000 has been recognised for the year ended 31 December 2025. We have identified provision of the ECL for trade receivables as a key audit matter because the total carrying amount of trade receivables are significant to the consolidated financial statements and the provision of ECL involves significant judgements and estimates.	Our audit procedures were designed to assess and challenge the management estimation on ECL including the internal credit ratings determined by the management, the credit risk of the debtors and days past due as groupings of various debtors that have similar loss patterns and challenge the reasonableness and selection of forward-looking information used in the calculation of ECL. We obtained an understanding of the work of the independent professional valuer engaged by management, and assessed the objectivity, independence and competency of the external valuer. We also reviewed the provision matrix, which incorporates the Group's historical observed default rates and forward-looking information, and compared the ECL assessment performed by management's independent professional valuer with the evaluation provided by our independent valuation specialists.

Independent Auditor's Report

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion with an emphasis of matter in connection with material uncertainty related to going concern on those statements on 31 March 2025.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, 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 OF THE COMPANY 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 issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

(Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

We communicate with 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.

Independent Auditor's Report

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 partner on the audit resulting in this independent auditor's report is Yip Chi Chiu.

Prism Hong Kong Limited

Certified Public Accountants

Yip Chi Chiu

Practising Certificate Number: P06934

Hong Kong

26 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	7	82,460	119,991
Cost of sales		(69,393)	(126,443)
Gross profit (loss)		13,067	(6,452)
Other income	8	7,623	9,669
Other gains (losses)	9	5,745	(32,747)
Selling and distribution costs		(4,735)	(7,038)
Administrative expenses		(40,220)	(53,392)
Impairment loss on trade receivables, contract assets and amounts due from related companies		(5,834)	(8,302)
Finance costs	10	(10,138)	(10,206)
Loss before tax		(34,492)	(108,468)
Income tax expenses	11	(33)	(19,411)
Loss for the year	12	(34,525)	(127,879)
Other comprehensive income (expense) for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		1,863	(2,149)
Total comprehensive expense for the year		(32,662)	(130,028)
Loss per share			
– Basic and diluted (HK cents)	14	(4.32)	(15.98)

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Plant and equipment	16	23,891	29,729
Right-of-use assets	17	1,105	1,006
Intangible assets	18	625	727
Deferred tax asset	26	–	–
		25,621	31,462
Current assets			
Inventories	19	425	1,207
Trade and other receivables	20	14,456	38,115
Contract assets	21	3,242	2,145
Amounts due from related companies	25	4,496	5,015
Financial assets at fair value through profit or loss	22	47,191	48,228
Bank balances and cash	23	23,545	26,568
		93,355	121,278
Current liabilities			
Trade and other payables	24	39,833	43,896
Lease liabilities	17	938	2,151
Amounts due to related companies	36	–	4,173
Loan from ultimate controlling party	28	–	116,276
Loans from related companies	27	44,942	44,598
Other loan	29	543	–
Income tax payables		35	34
		86,291	211,128
Net current assets (liabilities)		7,064	(89,850)
Total assets less current liabilities		32,685	(58,388)

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Lease liabilities	17	608	681
Deferred tax liability	26	–	–
		608	681
Net assets (net liabilities)		32,077	(59,069)
Capital and reserves			
Share capital	30	8,000	8,000
Perpetual bonds	31	123,808	–
Reserves		(99,731)	(67,069)
Total equity (deficiency in assets)		32,077	(59,069)

The consolidated financial statements on pages 89 to 171 were approved and authorised for issue by the board of directors on 26 March 2026 and are signed on its behalf by:

Mr. Zhang Liang Johnson
Director

Mr. Xu Liang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Share capital HK\$'000 (note 30(a))	Share premium HK\$'000	PRC statutory reserve HK\$'000 (note 30(b)(i))	Capital reserve HK\$'000 (note 30(b)(ii))	Translation reserve HK\$'000	Merger reserve HK\$'000 (note 30(b)(iii))	Perpetual bonds HK\$'000 (note 31)	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	8,000	104,098	8,901	29,824	(11,973)	12,778	-	(84,866)	66,762
Loss for the year	-	-	-	-	-	-	-	(127,879)	(127,879)
Other comprehensive expense for the year:									
Exchange difference arising on translation of foreign operations	-	-	-	-	(2,149)	-	-	-	(2,149)
Total comprehensive expense for the year	-	-	-	-	(2,149)	-	-	(127,879)	(130,028)
Deemed contribution from the ultimate controlling party (note 28)	-	-	-	4,197	-	-	-	-	4,197
Transfer from PRC statutory reserve	-	-	(15)	-	-	-	-	15	-
At 31 December 2024	8,000	104,098	8,886	34,021	(14,122)	12,778	-	(212,730)	(59,069)

	Share capital HK\$'000 (note 30(a))	Share premium HK\$'000	PRC statutory reserve HK\$'000 (note 30(b)(i))	Capital reserve HK\$'000 (note 30(b)(ii))	Translation reserve HK\$'000	Merger reserve HK\$'000 (note 30(b)(iii))	Perpetual bonds HK\$'000 (note 31)	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2025	8,000	104,098	8,886	34,021	(14,122)	12,778	-	(212,730)	(59,069)
Loss for the year	-	-	-	-	-	-	-	(34,525)	(34,525)
Other comprehensive expense for the year:									
Exchange difference arising on translation of foreign operations	-	-	-	-	1,863	-	-	-	1,863
Total comprehensive income (expense) for the year	-	-	-	-	1,863	-	-	(34,525)	(32,662)
Issuance of perpetual bonds	-	-	-	-	-	-	124,204	-	124,204
Repayment of perpetual bonds	-	-	-	-	-	-	(396)	-	(396)
Transfer from PRC statutory reserve (note)	-	-	(6,273)	-	-	-	-	6,273	-
At 31 December 2025	8,000	104,098	2,613	34,021	(12,259)	12,778	123,808	(240,982)	32,077

Note: During the year ended 31 December 2025, a statutory reserve of HK\$6,273,000 was transferred to accumulated losses prior to the deregistration of a PRC subsidiary, Dongguan Jia Jun Electronic Technology Company Limited.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before tax	(34,492)	(108,468)
Adjustments for:		
Amortisation of intangible assets	190	181
Amortisation of deferred income	–	(2,074)
Bank interest income	(8)	(200)
Dividend income	(248)	(347)
Depreciation of plant and equipment	2,602	7,357
Depreciation of right-of-use assets	821	2,638
Finance costs	10,138	10,206
Government grants	(37)	(133)
Write-off of plant and equipment	461	525
Gain on disposal of plant and equipment	(4,675)	(4,168)
Gain on early termination of a lease	(1,112)	(113)
Impairment loss on trade receivables, contract assets and amounts due from related companies	5,834	8,302
Impairment loss on inventories, net	84	13,160
Impairment loss on right-of-use assets	404	1,307
Changes in fair value of financial assets at fair value through profit or loss	(6,149)	31,440
Operating cash flows before movements in working capital	(26,187)	(40,387)
Decrease in inventories	698	14,012
Decrease in trade and other receivables	26,304	18,057
Increase in contract assets	(3,093)	(59)
(Increase) decrease in amounts due from related companies	(3,521)	1,388
(Decrease) increase in amounts due to related companies	(4,222)	4,173
Decrease (increase) in financial assets at fair value through profit or loss	7,186	(10,392)
Decrease in trade and other payables	(4,313)	(25,677)
Cash used in operations	(7,148)	(38,885)
PRC enterprise income tax paid	(32)	(79)
NET CASH USED IN OPERATING ACTIVITIES	(7,180)	(38,964)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(96)	(479)
Acquisition of intangible assets	(75)	(46)
Bank interest received	8	200
Dividend received	248	347
Proceeds from disposal of plant and equipment	6,946	4,209
NET CASH FROM INVESTING ACTIVITIES	7,031	4,231
FINANCING ACTIVITIES		
Government grants received	37	133
Repayment of lease liabilities	(1,664)	(2,898)
New loans obtained from related companies	2,185	–
New loan obtained from a third party	536	–
Repayment of loans from related companies	(2,248)	(5,006)
Repayment of loans from ultimate controlling party	(2,091)	(2,855)
New loans obtained from ultimate controlling party	–	30,078
Repayment of perpetual bonds	(396)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(3,641)	19,452
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,790)	(15,281)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	26,568	42,473
Effect of foreign exchange rate changes	767	(624)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR REPRESENTED BY BANK BALANCES AND CASH	23,545	26,568

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Brainhole Technology Limited was incorporated in the Cayman Islands on 10 September 2014 as an exempted company with limited liability under the Cayman Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its issued shares had been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 2017.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business of the Company is Suites 1801-03, 18/F., One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. Its immediate holding company is Yoho Bravo Limited ("Yoho"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability and its ultimate controlling party is Mr. Zhang Liang Johnson ("Mr. Zhang").

The Company is principally engaged in investment holding and the principal activities of its subsidiaries (together with the Company collectively referred to as the "Group") are set out in note 37.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

Basis of preparation

During the year ended 31 December 2025, the Group incurred a consolidated loss of approximately HK\$34,525,000 and a net operating cash outflow. As at 31 December 2025, the Group had loans from related companies of approximately HK\$44,942,000. However, the Group had only cash and bank balances of approximately HK\$23,545,000.

In preparing the Group's consolidated financial statements, the directors of the Company have taken into account all information that could reasonably be expected to be available. In particular, the directors of the Company have taken the following measures to mitigate the liquidity pressure and to improve its financial position:

- (i) Mr. Zhang agreed to provide continuing financial support to the Group and will not demand the repayment of amount due to him before 31 December 2026 and until such time the Group is in a financial position to do so.
- (ii) The related companies had agreed not to demand repayment from the Group the loans due to them of approximately HK\$44,942,000 before 31 December 2026 and until such time the Group is in a financial position to do so.
- (iii) The Group has been actively searching for new business projects to improve the Group's profitability and cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

Basis of preparation *(Continued)*

Based on the Group's cash flow projections, taking account of the effectiveness and feasibility of the above measure covering a period of twelve months from the end of the reporting period prepared by the management, the directors of the Company consider the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the forecast period. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments that would result should the Group be unable to operate as a going concern.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

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

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

Except for the new HKFRS Accounting Standard 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)* New and amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)* HKFRS 18 Presentation and Disclosure in Financial Statements

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 not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

The material accounting policies are set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

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

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

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

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

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company.

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

Revenue from contracts with customers

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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

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

Revenue is measured based on the consideration to which the Group expects to be entitled, excludes discounts and sales related taxes.

Contract assets and contract liabilities

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

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

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

The Group recognised revenue from the following major sources:

Sales of goods

Revenue from sales of goods (i.e. sales of electronic goods and electrical parts and components manufactured by the Group or sourced from third-party suppliers) is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of goods).

Promotion of broadband services and provision of smart domain solution services

Commission income from promotion of broadband services and revenue from provision of smart domain solution services are recognised at a point in time when the services are performed by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

Provision of broadband infrastructure construction services

The Group provides broadband infrastructure construction services under contract with customers. Under the terms of the contracts, the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue from provision of broadband infrastructure construction services is therefore recognised over time.

The Group also generally agrees to a one to two years retention period for 3% to 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Output method)

Revenue from provision of broadband infrastructure construction services is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Leasing

Definition of a lease

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

The Group as lessee

For contracts entered into or modified on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as lessee *(Continued)*

Lease liabilities (Continued)

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as lessee *(Continued)*

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Lease modification

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as lessor

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operation 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 year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Retirement benefits costs

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Short-term employee benefits

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

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

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

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

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

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

Current and deferred tax are recognised in profit or loss.

Plant and equipment

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.

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

Properties in the course of construction for production or supply 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, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with 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.

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

Research and development expenditure

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

Inventories

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

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

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

Financial assets

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTPL.

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

Financial assets at amortised cost (debt instruments)

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Amortised cost and effective interest method

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

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

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Interest income is recognised in profit or loss and is included in the "Other income" line item (note 8).

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as 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 to the extent they are not part of a designated hedging relationship. 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 (losses)" line item. Fair value is determined in the manner described in note 6.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset is held for trading if:

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

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and amounts due from related companies (trade-nature). Except for credit-impaired balances, the ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments (excluding trade receivables, contract assets, and amounts due from related companies (trade-nature)), the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk *(Continued)*

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Definition of default

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Based on historical credit loss experience, the Group rebuts the 90 days past due presumption and considers default to have occurred when trade receivables are over 1 year past due.

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 debtor;
- 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.

Write-off policy

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Measurement and recognition of ECL

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

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 Lease.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Perpetual bonds

Perpetual bonds issued by the Group are classified as equity instruments when they contain no contractual obligation to deliver cash or another financial asset to another entity, and the Group has the unconditional right to avoid delivering cash or another financial asset to settle contractual obligations. Distributions thereon are recognised as profit distributions within equity. If the perpetual bonds contain a contractual obligation to deliver cash or another financial asset, they are classified as financial liabilities.

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities is 1) contingent consideration of an acquirer in a business combination to which HKFRS 3 Definition of a Business applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- 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
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "finance costs" line item in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities (Continued)

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

Impairment losses on plant and equipment, right-of-use assets and intangible assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment losses on plant and equipment, right-of-use assets and intangible assets *(Continued)*

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. 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. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 the cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Fair value measurement

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Going concern consideration

The assessment of the going concern assumption involves making judgements by the directors of the Company, at a particular point of time, about the future outcome of events and conditions which are inherently uncertain. The directors of the Company believe that the liquidity of the Group can be maintained in the coming twelve-month period from 31 December 2025 after taking into the considerations and measures as detailed in note 1. The directors of the Company also believe that the Group will have sufficient cash resources to satisfy its working capital and other financing requirements for the next twelve months from 31 December 2025.

Key sources of estimation uncertainty

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

Revenue recognition on broadband infrastructure construction services

The Group recognises contract revenue over time using an output method. The revenue recognition on broadband infrastructure construction services is dependent on management's judgements and estimation of the satisfaction of performance obligation, by reference to the progress certificate issued by the customers. Notwithstanding that the Group reviews and revises the judgements and estimates on contract progresses, the actual outcome of the contract in terms of its total revenue may be higher or lower than the estimates and this will affect the amount of revenue recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Key sources of estimation uncertainty *(Continued)*

Income taxes

As at 31 December 2025, the Group has deductible temporary differences and tax losses of approximately HK\$29,530,000 and HK\$298,886,000 (2024: HK\$94,260,000 and HK\$271,271,000) respectively. No deferred tax asset in relation to deductible temporary difference and tax losses in aggregate of HK\$328,416,000 (2024: HK\$365,531,000) has been recognised in the Group's consolidated statement of financial position due to the unpredictability of future profit streams.

Provision of ECL for trade receivables

The impairment provisions for trade receivables are based on assumptions about ECL. Except for credit-impaired balances, the Group uses a provision matrix to calculate the ECL for trade receivables. The provision rates are based on the credit risk of the debtors and days past due as groupings of various debtors that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking information are considered. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2025, the carrying amount of trade receivables was approximately HK\$6,865,000 (2024: HK\$32,782,000), after net of allowance for impairment loss of approximately HK\$21,536,000 (2024: HK\$19,238,000).

Provision of ECL for amounts due from related companies (trade-nature)

The impairment provisions for amounts due from related companies (trade-nature) are based on assumptions about ECL. Except for credit-impaired balances, the Group uses a provision matrix to calculate the ECL. The provision rates are based on internal credit ratings and days past due. The provision matrix is initially based on the Group's historical observed default rates and is calibrated to adjust the historical experience with forward-looking information. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2025, the carrying amount of amounts due from related companies was approximately HK\$4,496,000 (2024: HK\$5,015,000), after net of allowance for impairment loss of approximately HK\$6,607,000 (2024: HK\$2,567,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Key sources of estimation uncertainty *(Continued)*

Estimated impairment assessment of plant and equipment, right-of-use assets and intangible assets

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

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

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. 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 plant and equipment, right-of-use assets and intangible assets were approximately HK\$23,891,000 (2024: HK\$29,729,000), HK\$1,105,000 (2024: HK\$1,006,000) and HK\$625,000 (2024: HK\$727,000).

Estimated allowance for inventories

The management of the Group reviews an ageing analysis at the end of each reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions.

As at 31 December 2025, the carrying amount of inventories was approximately HK\$425,000 (2024: HK\$1,207,000), after net of allowance for impairment loss of approximately HK\$84,000 (2024: HK\$13,160,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. 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 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 net debt, which includes loans from related companies and loan from ultimate controlling party, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure of the Group periodically. 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. The directors of the Company will also consider the raise of borrowings as a second source of capital.

The directors of the Company also endeavour to ensure the steady and reliable cash flows from the normal business operation.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at amortised cost	37,961	65,926
Financial assets at FVTPL	47,191	48,228
Financial liabilities		
Financial liabilities at amortised cost	85,282	208,907

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from related companies (trade-nature), financial assets at FVTPL, bank balances and cash, trade and other payables, amounts due to related companies, loan from ultimate controlling party, loans from related companies and other loan. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included market risk (interest rate risk, currency 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.

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan from the immediate holding company.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances the other loan from a third party.

The Group currently does not have interest rate hedging policy. However, the directors of the Company closely monitor its exposure to future cash flow risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

Sensitivity analysis

No sensitivity analysis is presented as the Group's exposure to interest rate is not significant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) *Currency risk*

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 1% (2024: 23%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sales, whilst almost 100% (2024: 97%) of the Group's purchases is denominated in the group entity's respective functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
United States dollars ("USD")	6,592	83,289	–	610
Renminbi ("RMB")	6	24	–	7
	6,598	83,313	–	617

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to fluctuation against foreign currencies USD and RMB.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in functional currency of respective group entities against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2024: 5%) change in foreign currency rates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis (Continued)

A positive number below indicates an increase in post-tax profit where the functional currency of respective group entities weaken by 5% (2024: 5%) against the relevant foreign currencies. For a 5% (2024: 5%) strengthening of the functional currency of respective group entities against the relevant foreign currencies, there would be an equal and opposite impact on the post-tax profit and the balance would be negative.

	2025 HK\$'000	2024 HK\$'000
Effect on post-tax profit		
USD	275	3,452
RMB	–	1

(iii) Other price risk

The Group is exposed to price risk through its investments in listed equity securities measured at FVTPL. The management manages these exposures by maintaining a portfolio of investments with different risks. In addition, the Group will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposures to equity and digital assets price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is 10% as a result of the volatile financial market.

If the prices of the respective equity securities had been 10% (2024: 10%) higher/lower, post-tax loss for the year ended 31 December 2025 would decrease/increase by HK\$3,940,000 (2024: HK\$4,027,000) as a result of the changes in fair value of financial assets at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from bank balances and cash, trade and other receivables, amounts due from related companies (trade-nature), finance lease receivable and contract assets. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, contract assets and amounts due from related companies (trade-nature), the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for credit-impaired customers and/or collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For all other financial assets, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its operation management to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is drawn from the Group's own trading records to rate its customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Internal credit rating	Description	Trade receivables/ finance lease receivable/contract assets/amounts due from related companies (trade-nature)	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit impaired	12-month ECL
Medium risk	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit impaired	12-month ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The table below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk.

For the year ended 31 December 2025

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade receivables	Note	Lifetime ECL (simplified approach)	4,496	(1,091)	3,405
	Loss	Lifetime ECL (credit-impaired)	23,905	(20,445)	3,460
Other receivables	Low risk	12-month ECL	3,055	–	3,055
Contract assets	Note	Lifetime ECL (simplified approach)	3,242	–	3,242
	Loss	Lifetime ECL (credit-impaired)	899	(899)	–
Amounts due from related companies (trade-nature)	Note	Lifetime ECL (simplified approach)	11,103	(6,607)	4,496

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

For the year ended 31 December 2024

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade receivables	Note	Lifetime ECL (simplified approach)	28,840	(547)	28,293
	Loss	Lifetime ECL (credit-impaired)	23,180	(18,691)	4,489
Other receivables	Low risk	12-month ECL	1,561	–	1,561
Contract assets	Note	Lifetime ECL (simplified approach)	2,100	(155)	1,945
	Loss	Lifetime ECL (credit-impaired)	800	(600)	200
Amounts due from related companies (trade-nature)	Note	Lifetime ECL (simplified approach)	7,582	(2,567)	5,015

Note: The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating and past due status.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The Group's exposure to credit risk (Continued)

The Group has concentration of credit risk as 3% (2024: 26%) of the total trade receivables as at 31 December 2025 were due from the Group's five largest customers. As at 31 December 2025, no trade receivables was due from the Group's largest customer (2024: HK\$10,128,000).

However, management considers the credit risk is under control since the management exercise due care in granting credits and reviews the recoverable amount of each balances at the end of each reporting period to ensure adequate impairment loss has been made for irrecoverable amount.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2024: 89%) of the total trade receivables as at 31 December 2025.

Liquidity risk

As at 31 December 2025, the Group is exposed to liquidity risk as the Group incurred losses of approximately HK\$34,525,000 (2024: HK\$127,879,000). In the management of the liquidity risk, the Group regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and current working capital to meet its liquidity requirements in the short and long term.

The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period taking into account the conditions and measures as further detailed in note 1.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities and lease liabilities are based on the agreed repayment dates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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 curve at the end of the reporting period.

	On demand or less than 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	3 to 5 years <i>HK\$'000</i>	Total Undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 31 December 2025					
Trade and other payables	39,797	–	–	39,797	39,797
Lease liabilities	979	344	287	1,610	1,546
Loans from related companies	44,942	–	–	44,942	44,942
Other loan	543	–	–	543	543
	86,261	344	287	86,892	86,828

	On demand or less than 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	3 to 5 years <i>HK\$'000</i>	Total Undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 31 December 2024					
Trade and other payables	43,860	–	–	43,860	43,860
Lease liabilities	2,263	1,071	–	3,334	2,832
Loans from related companies	44,598	–	–	44,598	44,598
Loan from ultimate controlling party	126,294	–	–	126,294	116,276
Amounts due to related companies	4,173	–	–	4,173	4,173
	221,188	1,071	–	222,259	211,739

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments and other item that are measured at fair value at the end of each reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	2025			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Financial assets at FVTPL				
Listed equity securities	47,191	–	–	47,191

	2024			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Financial assets at FVTPL				
Listed equity securities	48,228	–	–	48,228

There were no transfers between levels of fair value hierarchy in the current year.

Fair value of financial assets and other assets that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instrument and other item on a recurring basis are set out below:

Financial instruments and other item	Fair value hierarchy	Fair value as at		Valuation technique and key inputs
		2025 HK\$'000	2024 HK\$'000	
Listed equity securities	Level 1	47,191	48,228	Quoted bid prices in an active market

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosure are required)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

- (a) Semiconductor business segment engages in selling of electronic goods and electrical parts and components manufactured by the Group or sourced from third-party suppliers.
- (b) Broadband infrastructure and smart domain segment engages in the provision of broadband infrastructure construction services, promotion of broadband services and smart domain solution services, and operating leases for broadband infrastructure.
- (c) Strategic investments segment engages in trading of listed equity securities.

During the year ended 31 December 2025, the Group changes its internal reporting structure used by the CODM to allocate resources and assess performance in order to align with the Group's business strategic and development. Accordingly, the Group's manufacturing and trading segments for selling and trading of electronic goods and electrical parts are re-designated as semiconductor business segment to reflect the Group's business as a solutions integrator. Accordingly, the composition of reportable segments has been revised. Comparative information has been restated to conform with the current year presentation.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the method used to distribute the products and/or the nature of production processes.

Despite that all of the Group's products are of a similar nature, they are subject to different risks and returns. Accordingly, the Group's operating activities are attributable to semiconductor business, broadband infrastructure and smart domain and strategic investments segments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue represents revenue arising from the manufacturing and trading of electronic goods and electrical parts and components, provision of broadband infrastructure construction services, promotion of broadband services and smart domain solution services, and operating leases for broadband infrastructure. An analysis of the Group's revenue for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Semiconductor business:		
Manufacturing and trading of electronic goods	714	85,395
Broadband infrastructure and smart domain:		
Broadband infrastructure construction services	14,616	19,078
Commission income from promotion of broadband services	6,201	6,039
Provision of smart domain solution services	60,737	9,089
	82,268	119,601
Revenue from other sources		
Broadband infrastructure and smart domain:		
Rental income from broadband infrastructure under operating lease		
– Lease payments that are fixed at a rate	192	390
	82,460	119,991

Disaggregation of revenue from contracts with customers by timing of recognition

	2025 HK\$'000	2024 HK\$'000
Timing of revenue recognition		
At a point in time	67,652	100,523
Over time	14,616	19,078
Total revenue from contracts with customers	82,268	119,601

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period and the expected timing of recognition are, as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	10,353	20,421
More than one year	20,655	29,069
	31,008	49,490

The above amounts represent revenue expected to be recognised in the future from broadband infrastructure construction services.

For other types of revenue, as those contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

Segment revenue and results

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

	Semiconductor business		Broadband infrastructure and smart domain		Strategic investments		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	714	85,395	81,746	34,596	–	–	82,460	119,991
Segment (loss) profit	(7,881)	(17,626)	(8,883)	(14,021)	6,149	(31,440)	(10,615)	(63,087)
Unallocated income							1,107	2,412
Unallocated expenses							(24,984)	(47,793)
Loss before tax							(34,492)	(108,468)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of certain administrative expenses, certain finance costs and certain other income. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2025 HK\$'000	2024 HK\$'000
Segment assets		
Semiconductor business	11,640	20,749
Broadband infrastructure and smart domain	47,418	56,424
Strategic investments	47,191	48,228
Unallocated	12,727	27,339
Total assets	118,976	152,740
Segment liabilities		
Semiconductor business	1,013	4,108
Broadband infrastructure and smart domain	36,819	39,899
Unallocated	49,067	167,802
Total liabilities	86,899	211,809

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

- all assets are allocated to operating segments other than certain plant and equipment and right-of-use assets for administrative purpose, certain other receivables and prepayments and certain bank balances and cash as these assets are managed on a group basis; and
- all liabilities are allocated to operating segments other than certain other payables, certain lease liabilities, amounts due to related companies, loan from ultimate controlling party and other loan.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2025

	Semiconductor business HK\$'000	Broadband infrastructure and smart domain HK\$'000	Strategic investments HK\$'000	Unallocated HK\$'000	Total HK\$'000
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*Amounts included in the measure of segments
profit or segment assets*

Depreciation of plant and equipment	389	2,208	–	5	2,602
Depreciation of right-of-use assets	404	131	–	286	821
(Reversal of impairment) impairment loss on trade receivables and contract assets	(76)	5,910	–	–	5,834
Write off of plant and equipment	298	–	–	163	461
Impairment loss on right-of-use asset	404	–	–	–	404
Impairment loss on inventories	–	84	–	–	84
Amortisation of intangible assets	–	189	–	1	190
Additions to non-current assets (note)	809	1,007	–	170	1,986
Gain on disposal of plant and equipment	(4,675)	–	–	–	(4,675)
Changes in fair value of financial assets at FVTPL	–	–	(6,149)	–	(6,149)

*Amounts regularly provided to the CODM
but not included in the measure of segment
profit or loss or segment assets:*

Bank interest income	(7)	(1)	–	–	(8)
Finance costs	92	13	–	10,033	10,138

Note: Non-current assets excluded deferred tax asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2024

	Semiconductor business HK\$'000 (Restated)	Broadband infrastructure and smart domain HK\$'000	Strategic investments HK\$'000	Unallocated HK\$'000	Total HK\$'000
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*Amounts included in the measure of segments
profit or segment assets*

Depreciation of plant and equipment	949	4,797	–	1,611	7,357
Depreciation of right-of-use assets	1,169	1,099	–	370	2,638
(Reversal of impairment) impairment loss on trade receivables and contract assets	(79)	8,381	–	–	8,302
Write off of plant and equipment	525	–	–	–	525
Impairment loss on right-of-use asset	1,307	–	–	–	1,307
Impairment loss on inventories	13,160	–	–	–	13,160
Amortisation of intangible assets	–	181	–	–	181
Additions to non-current assets (note)	2,848	304	–	44	3,196
Gain on disposal of plant and equipment	(4,168)	–	–	–	(4,168)
Changes in fair value of financial assets at FVTPL	–	–	31,440	–	31,440

*Amounts regularly provided to the CODM
but not included in the measure of segment
profit or loss or segment assets:*

Bank interest income	(3)	(65)	–	(132)	(200)
Finance costs	212	43	–	9,951	10,206

Note: Non-current assets excluded deferred tax asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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

	Hong Kong HK\$'000	The PRC (excluding Hong Kong) HK\$'000	Asia (excluding Korea, the PRC and Hong Kong) HK\$'000	Korea HK\$'000	Europe and other HK\$'000	Total HK\$'000
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Revenue from external customers

For the year ended 31 December

2025	–	82,339	–	121	–	82,460
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For the year ended 31 December

2024	1,918	80,425	23,126	12,339	2,183	119,991
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Non-current assets (note)

As at 31 December 2025	86	25,535	–	–	–	25,621
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As at 31 December 2024	176	31,286	–	–	–	31,462
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Note: Non-current assets excluded deferred tax asset.

Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Customer A ¹	NA ³	14,170
Customer B ¹	NA ³	22,040
Customer C ¹	NA ³	28,727
Customer D ²	12,371	NA ³

¹ Revenue from semiconductor business segment.

² Revenue from broadband infrastructure and smart domain segment.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Government grants (<i>note a</i>)	37	133
Bank interest income	8	200
Amortisation of deferred income (<i>note b</i>)	–	2,074
Gain on disposal of plant and equipment	4,675	4,168
Gain on early termination of a lease (<i>note 17 (iii)</i>)	1,112	113
Exchange gain	53	482
Sundry income	1,490	2,152
Dividend income	248	347
	7,623	9,669

Notes: (a) During the years ended 31 December 2025 and 2024, government grants of HK\$37,000 and HK\$133,000 respectively related to the support of the subsidiaries' operations and certain research projects were received from the local government authorities in the PRC. The Group fulfilled all conditions attached to the subsidies and recognised as other income upon receipts during the years ended 31 December 2025 and 2024.

(b) In previous years, the Group received government grants for acquisition of certain machineries which has been treated as deferred income and are amortised to profit or loss over the useful lives of the related machineries. During the year ended 31 December 2025, no further deferred income (2024: HK\$2,074,000) was recognised in other income as the balance was fully amortised in prior years.

9. OTHER GAINS (LOSSES)

	2025 HK\$'000	2024 HK\$'000
Gain (loss) from changes in fair value of financial assets at FVTPL	6,149	(31,440)
Impairment loss on right-of-use assets	(404)	(1,307)
	5,745	(32,747)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on:		
Lease liabilities	119	305
Loan from ultimate controlling party	10,019	9,901
	10,138	10,206

11. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
Current tax – PRC:		
Provision for the year	33	–
Under provision in prior years	–	79
	33	79
Deferred tax (<i>note 26</i>)	–	19,332
	33	19,411

- (a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.
- (b) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX EXPENSES (Continued)

- (c) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(34,492)	(108,468)
Tax at the domestic income tax rate of 16.5% (2024: 16.5%)	(5,691)	(17,897)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,528)	(3,523)
Tax effect of expenses not deductible for tax purpose	2,201	5,203
Tax effect of income not taxable for tax purpose	(77)	(267)
Tax effect of deductible temporary differences not recognised	621	3,708
Tax effect of super deduction on research and development expenses	(886)	(838)
Tax effect of tax losses not recognised	6,443	13,199
Write-off of deferred tax asset previously recognised	–	19,747
Utilisation of tax losses previously not recognised	(50)	–
Under provision in prior years	–	79
Income tax expenses for the year	33	19,411

Details of the deferred taxation are set out in note 26.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2025 HK\$'000	2024 HK\$'000
Emoluments of the directors of the Company and chief executive (<i>note 15</i>):		
Salaries and allowances	540	1,675
Retirement benefits scheme contributions	–	11
Other staff costs:		
Salaries and allowances (<i>note a</i>)	22,958	35,613
Retirement benefits scheme contributions	2,409	5,043
Total staff costs	25,907	42,342
Auditors' remuneration	680	830
Amount of inventories recognised as expenses	14,322	89,791
Amortisation of intangible assets	190	181
Depreciation of plant and equipment	2,602	7,357
Depreciation of right-of-use assets	821	2,638
Research and development costs (included in administrative expenses) (<i>note a</i>)	3,543	5,079
Write-off of plant and equipment	461	525
Impairment loss on inventories (included in cost of sales) (<i>note b</i>)	84	13,160

Note: (a) Included in research and development costs were staff costs of HK\$3,446,000 (2024: HK\$4,991,000), which were included in other staff costs disclosure above.

(b) During the year ended 31 December 2025, an impairment loss of HK\$84,000 (2024: HK\$13,160,000) was recognised for certain obsolete and slow-moving inventories based on management's assessment of their net realisable value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

14. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share	(34,525)	(127,879)

	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	800,000	800,000

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

The emoluments paid or payable to each of the four (2024: five) directors, which include the chief executive of the Group, were as follows:

For the year ended 31 December 2025	Executive director	Independent non-executive directors			Total
	Mr. Zhang (Chairman) HK\$'000	Mr. Chen Johnson Xi HK\$'000	Mr. Xu Liang HK\$'000	Ms. Zhang Yibo HK\$'000	

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings

Fees	-	180	180	180	540
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Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings

Other emoluments

- Salaries and allowances	-	-	-	-	-
- Contributions to retirement benefits schemes	-	-	-	-	-

-	180	180	180	540
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For the year ended 31 December 2024	Executive directors		Independent non-executive directors			Total
	Mr. Zhang (Chairman) HK\$'000	Ms. Wan Duo (resigned on 31 October 2024) HK\$'000	Mr. Chen Johnson Xi HK\$'000	Mr. Xu Liang HK\$'000	Ms. Zhang Yibo HK\$'000	

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings

Fees	-	-	180	180	180	540
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Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings

Other emoluments

- Salaries and allowances	-	1,135	-	-	-	1,135
- Contributions to retirement benefits schemes	-	11	-	-	-	11

-	1,146	180	180	180	1,686
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES (Continued)

Of the five individuals with the highest emoluments in the Group, none of them (2024: one) was the director or chief executive of the Company. The emoluments of the remaining five (2024: four) individuals were as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	3,296	2,565
Retirement benefits scheme contributions	170	173
	3,466	2,738

Their emoluments were within the following bands:

	2025 No. of employees	2024 No. of employees
Nil to HK\$1,000,000	4	4
HK\$1,000,001 to HK\$1,500,000	1	–
	5	4

No emoluments were paid by the Group to any of the directors (including the chief executive) of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2025 and 2024.

During the years ended 31 December 2025 and 2024, the director, Mr. Zhang, waived his salaries of HK\$480,000 (2024: HK\$480,000). Except for Mr. Zhang, no directors (including the chief executive) of the Company or the five highest paid individuals waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Broadband infrastructure and network equipment <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At 1 January 2024	15,114	124,760	7,372	34,604	4,962	186,812
Additions	135	171	60	–	142	508
Disposal	–	(19,608)	(696)	–	–	(20,304)
Write-off	(170)	(794)	(163)	–	–	(1,127)
Transfer	–	–	–	233	(233)	–
Exchange realignment	(262)	(2,368)	(69)	(741)	(106)	(3,546)
At 31 December 2024 and 1 January 2025	14,817	102,161	6,504	34,096	4,765	162,343
Additions	68	–	15	–	13	96
Disposal	–	(100,782)	(1,693)	–	–	(102,475)
Write-off	(12,294)	(2,005)	(3,171)	–	–	(17,470)
Exchange realignment	81	626	35	862	120	1,724
At 31 December 2025	2,672	–	1,690	34,958	4,898	44,218
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2024	13,074	119,905	6,511	9,435	–	148,925
Charge for the year	1,429	979	238	4,711	–	7,357
Eliminated on disposal	–	(19,602)	(661)	–	–	(20,263)
Eliminated on write-off	–	(449)	(153)	–	–	(602)
Exchange realignment	(259)	(2,278)	(63)	(203)	–	(2,803)
At 31 December 2024 and 1 January 2025	14,244	98,555	5,872	13,943	–	132,614
Charge for the year	3	374	130	2,095	–	2,602
Eliminated on disposal	–	(98,511)	(1,693)	–	–	(100,204)
Eliminated on write-off	(12,294)	(1,544)	(3,171)	–	–	(17,009)
Exchange realignment	468	1,126	312	418	–	2,324
At 31 December 2025	2,421	–	1,450	16,456	–	20,327
CARRYING VALUES						
At 31 December 2025	251	–	240	18,502	4,898	23,891
At 31 December 2024	573	3,606	632	20,153	4,765	29,729

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. PLANT AND EQUIPMENT *(Continued)*

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	33% or over the lease term, whichever is shorter
Plant and machinery	10%–33%
Furniture, fixtures and equipment	33%
Broadband infrastructure and network equipment	15 years

During the year ended 31 December 2024, in view of the under-performance of the semiconductor business, the directors of the Company reviewed the plant and equipment and right-of-use assets included in the semiconductor business. The recoverable amount of these assets as at 31 December 2024 was determined based on fair value less costs of disposal. No further impairment or reversal of impairment was recognised during the year ended 31 December 2024. During the year ended 31 December 2025, the Group disposed of all plant and equipment allocated to the semiconductor business.

For the CGU of the broadband infrastructure and smart domain segment, the Group assessed impairment as at 31 December 2024 and 2025. The recoverable amount of this cash-generating unit is determined based on a value in use calculation with the assistance of an independent professional valuer, TIMES Appraisal Advisory Limited (2024: Valtech Valuation Advisory Limited). This calculation uses cash flow projections based on financial budgets approved by the management. Based on the assessment, no impairment loss was recognised for broadband infrastructure and network equipment during the years ended 31 December 2024 and 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. LEASES

(i) Right-of-use assets

	Buildings <i>HK\$'000</i>
As at 1 January 2024	4,910
Addition	2,642
Termination of a lease	(2,534)
Depreciation for the year	(2,638)
Impairment loss on right-of-use assets	(1,307)
Exchange realignment	(67)
As at 31 December 2024 and 1 January 2025	1,006
Addition	1,815
Termination of a lease	(517)
Depreciation for the year	(821)
Impairment loss on right-of-use assets	(404)
Exchange realignment	26
As at 31 December 2025	1,105

As at 31 December 2025, the Group has lease arrangements for office premises (2024: factory and office premises). The lease terms are generally ranged from one to three years (2024: one to three years).

Addition to the right-of-use assets for the year ended 31 December 2025 amounted to HK\$1,815,000 (2024: HK\$2,642,000), due to new leases and renewal of leases of office premises.

During the year ended 31 December 2025, the Group conducted an impairment assessment of the right-of-use assets relating to its semiconductor business segment. An impairment of HK\$404,000 (2024: HK\$1,307,000) has been recognised in such respect as management expected that the Group will continue to suffer loss from its semiconductor business operations and also the recoverable amount estimated by the Group was lower than the carrying amount.

(ii) Lease liabilities

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current	608	681
Current	938	2,151
	1,546	2,832

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. LEASES (Continued)

(ii) Lease liabilities (Continued)

	2025 HK\$'000	2024 HK\$'000
Amounts payable under lease liabilities		
Within one year	938	2,151
After 1 year but within 2 years	326	681
After 2 years but within 5 years	282	–
	1,546	2,832
Less: Amount due for settlement within 12 months (shown under current liabilities)	(938)	(2,151)
Amount due for settlement after 12 months	608	681

During the year ended 31 December 2025, the Group entered into two (2024: two) new and renewed lease agreements in respect of renting office premises and recognised lease liabilities of HK\$1,815,000 (2024: HK\$2,642,000).

(iii) Amounts recognised in profit or loss

	2025 HK\$'000	2024 HK\$'000
Depreciation expense on right-of-use assets – Buildings	821	2,638
Interest expense on lease liabilities	119	305
Gain on early termination of a lease	1,112	113

(iv) Others

During the year ended 31 December 2025, the total cash outflow for leases amount to HK\$1,664,000 (2024: HK\$2,898,000).

Restrictions or covenants on leases

As at 31 December 2025, lease liabilities of HK\$1,546,000 are recognised with related right-of-use assets of HK\$1,105,000 (2024: lease liabilities of HK\$2,832,000 and related right-of-use assets of HK\$1,006,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. INTANGIBLE ASSETS

	Trademark HK\$'000	Software HK\$'000	Total HK\$'000
COST			
At 1 January 2024	–	1,778	1,778
Additions	–	46	46
Exchange realignment	–	(38)	(38)
At 31 December 2024 and 1 January 2025	–	1,786	1,786
Additions	55	20	75
Exchange realignment	–	43	43
At 31 December 2025	55	1,849	1,904
ACCUMULATED AMORTISATION			
At 1 January 2024	–	898	898
Charged for the year	–	181	181
Exchange realignment	–	(20)	(20)
At 31 December 2024 and 1 January 2025	–	1,059	1,059
Charge for the year	1	189	190
Exchange realignment	–	30	30
At 31 December 2025	1	1,278	1,279
CARRYING VALUES			
At 31 December 2025	54	571	625
At 31 December 2024	–	727	727

Intangible assets, which mainly represent purchased computer software and trademark, are amortised on a straight-line basis over their estimated useful life of 10 years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	243	237
Finished goods	182	970
	425	1,207

20. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Receivables at amortised cost comprise:		
Trade receivables	28,401	52,020
Less: allowance for impairment of trade receivables	(21,536)	(19,238)
	6,865	32,782
Deposits and other receivables	3,055	1,561
Value-added tax recoverable	998	872
Prepayments	3,538	2,900
Total trade and other receivables	14,456	38,115

As at 31 December 2025, the gross amount of trade receivables arising from contracts with customers and operating leases amounted to HK\$26,893,000 (2024: HK\$49,022,000) and HK\$1,508,000 (2024: HK\$2,998,000) respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES (Continued)

The Group does not hold any collateral over its trade and other receivables.

The Group allows a credit period up to 90 days to its customers for semiconductor business segment.

For customers for broadband infrastructure and smart domain segment, various credit periods are granted to its customers, and the credit period of individual customer is considered on a mutually-agreed basis and stipulated in the project contract, as appropriate.

The following is an aged analysis of trade receivables, net of allowance for impairment, presented based on the date of delivery/invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	2,121	10,166
31 to 90 days	135	8,666
91 to 365 days	1,149	9,461
Over 365 days	3,460	4,489
	6,865	32,782

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES (Continued)

The Group recognised lifetime ECL for trade receivables in relation to its semiconductor business operations based on internal credit rating for its customers collectively that are not individually significant as follows:

As at 31 December 2025, there were no trade receivables in relation to the semiconductor business segment.

As at 31 December 2024

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Semiconductor business			
Debtors with low credit risk	0.38	5,807	22
Debtors with medium credit risk	0.53	10,176	53
		15,983	75

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES (Continued)

The lifetime ECL for trade receivables in relation to its broadband infrastructure and smart domain operations is assessed individually or based on the past due ageing of customers collectively that are not individually significant as follows:

As at 31 December 2025

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Broadband infrastructure and smart domain			
Current to 1 month past due	7.46	2,292	171
1 to 3 months past due	20.59	170	35
More than 3 months but less than 12 months past due	43.51	2,034	885
Over 12 months past due	85.53	23,905	20,445
		28,401	21,536

As at 31 December 2024

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Broadband infrastructure and smart domain			
Current to 1 month past due	0.60	7,116	43
1 to 3 months past due	0.97	2,368	23
More than 3 months but less than 12 months past due	12.03	3,373	406
Over 12 months past due	80.63	23,180	18,691
		36,037	19,163

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES (Continued)

The movement in the allowance for impairment of trade receivables is set out below:

	2025 HK\$'000	2024 HK\$'000
At 1 January	19,238	16,893
Impairment loss recognised	1,788	8,233
Written off as uncollectible	–	(5,555)
Exchange realignment	510	(333)
At 31 December	21,536	19,238

21. CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Retention receivables of broadband infrastructure construction services	899	1,878
Unbilled revenue of broadband infrastructure construction services	3,242	1,022
	4,141	2,900
Less: allowance for impairment	(899)	(755)
Total contract assets	3,242	2,145

As at 1 January 2024, contract assets amounted to HK\$2,202,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. CONTRACT ASSETS (Continued)

The Group classifies these contract assets, net of allowance for impairment, under current assets because the Group expects to realise them in its normal operating cycle.

The recovery or settlement for contract assets pursuant to the terms of contracts is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	3,242	2,145

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECL. The ECL on contract assets is assessed individually or collectively for customers that are not individually significant using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As at 31 December 2025, the weighted average expected loss rate applied to contract assets was 21.71% (2024: 26.03%).

The movement in the allowance for impairment of contract assets is set out below:

	2025 HK\$'000	2024 HK\$'000
At 1 January	755	702
Impairment loss recognised	123	69
Exchange realignment	21	(16)
At 31 December	899	755

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For the year ended 31 December 2025

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Listed equity securities, at market value		
– Listed in Hong Kong	–	6,968
– Listed in USA	47,191	41,260
	47,191	48,228

No financial assets at FVTPL which have been pledged as security for the Group's borrowings for both years.

The fair values of these investments are determined with reference to quoted market bid prices.

23. BANK BALANCES AND CASH

Cash at banks carried interest at floating rates which range from 0.001% to 0.1% (2024: 0.001% to 0.1%) per annum, based on daily bank deposit rates for the years ended 31 December 2025 and 2024.

24. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	32,511	32,908
Accrued staff costs	1,198	3,964
Other payables	6,124	7,024
	39,833	43,896

Included in other payables, amount of approximately HK\$279,000 (2024: HK\$279,000) represented interest payable to loan from the immediate holding company as at 31 December 2025.

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For the year ended 31 December 2025

24. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
Within 3 months	2,738	7,820
4 to 6 months	2,259	5,815
7 to 12 months	9,721	10,531
Over 1 year	17,793	8,742
	32,511	32,908

The credit period on purchases of goods ranged from 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

25. AMOUNTS DUE FROM RELATED COMPANIES

As at 31 December 2025 and 2024, the balances are trade nature with various credit periods granted to its related companies on mutually-agreed basis and stipulated in the project contract, as appropriate. All of the related companies are beneficially owned by Mr. Zhang.

The following is an aged analysis of amounts due from related companies, net of allowance for impairment, presented based on the date of delivery/invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	106	–
31 to 90 days	120	–
91 to 365 days	1,443	1,033
Over 365 days	2,827	3,982
	4,496	5,015

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For the year ended 31 December 2025

25. AMOUNTS DUE FROM RELATED COMPANIES *(Continued)*

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

The Group recognised lifetime ECL for amounts due from related companies based on internal credit rating for its customers collectively that are not individually significant as follows:

As at 31 December 2025

	Weighted average expected loss rate %	Gross carrying amount <i>HK\$'000</i>	Loss allowance <i>HK\$'000</i>
Debtors with high credit risk	59.51	11,103	6,607

As at 31 December 2024

	Weighted average expected loss rate %	Gross carrying amount <i>HK\$'000</i>	Loss allowance <i>HK\$'000</i>
Debtors with high credit risk	33.86	7,582	2,567

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For the year ended 31 December 2025

25. AMOUNTS DUE FROM RELATED COMPANIES *(Continued)*

The movement in the allowance for impairment of amounts due from related companies is set out below:

	2025 HK\$'000	2024 HK\$'000
At 1 January	2,567	2,623
Impairment loss recognised	3,923	–
Exchange realignment	117	(56)
At 31 December	6,607	2,567

26. DEFERRED TAXATION

The following is the analysis of the deferred tax asset (liability), after set off certain deferred tax asset against deferred tax liability of the same taxable entity, for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax asset	–	–
Deferred tax liability	–	–
	–	–

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For the year ended 31 December 2025

26. DEFERRED TAXATION (Continued)

The following are the major deferred tax asset (liability) recognised and movements thereon during both years:

	Impairment loss on inventories HK\$'000	Impairment loss on plant and equipment, right-of-use assets and non-current assets classified as held for sale HK\$'000	Impairment loss on trade receivables and contract assets HK\$'000	Impairment loss on amounts due from related companies (trade-nature) HK\$'000	Accelerated tax depreciation HK\$'000	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	165	14,969	4,378	656	(435)	340	(326)	19,747
(Charge) credit to profit or loss	(162)	(14,655)	(4,285)	(642)	426	(333)	319	(19,332)
Exchange realignment	(3)	(314)	(93)	(14)	(9)	(7)	7	(415)
At 31 December 2024, 1 January 2025 and 31 December 2025	-	-	-	-	-	-	-	-

At the end of the reporting period, the Group has unused tax losses of HK\$298,886,000 (2024: HK\$271,271,000) available for offset against future profits, out of which HK\$154,931,000 (2024: HK\$151,207,000) that may be carried forward indefinitely and the remaining tax losses of HK\$143,955,000 (2024: HK\$120,640,000) will expire within five years from the year in which the respective loss arose. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams.

At the end of the reporting period, the Group has deductible temporary differences of HK\$29,530,000 (2024: HK\$94,260,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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For the year ended 31 December 2025

27. LOANS FROM RELATED COMPANIES

	2025 HK\$'000	2024 HK\$'000
Within one year under current liabilities	44,942	44,598

As at 31 December 2025, the amounts represented loans from 廣州普及房地產代理有限公司 and Skynova International Limited ("Skynova"), with principal loan amounts of RMB15,850,000 (equivalent to approximately HK\$17,548,000) (2024: RMB13,850,000 (equivalent to approximately HK\$14,957,000)) and HK\$27,394,000 (2024: HK\$29,641,000) respectively.

The loan from 廣州普及房地產代理有限公司, which is beneficially owned by Mr. Zhang, is unsecured, interest-free and is repayable on demand.

The loan from Skynova, which is beneficially owned by Mr. Zhang, is unsecured, interest-free and contains a repayment on demand clause.

28. LOAN FROM ULTIMATE CONTROLLING PARTY

	2025 HK\$'000	2024 HK\$'000
Repayable based on scheduled timeframe:		
Within one year	–	116,276
	–	116,276
	2025 HK\$'000	2024 HK\$'000
Classified under current liabilities	–	116,276

As at 31 December 2024, the amount represented a loan from the ultimate controlling party, Mr. Zhang, with a principal amount of HK\$126,294,000. The loan was unsecured, interest-free and was derecognised in 2025. The effective interest rate of the loan was 9.43% per annum.

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For the year ended 31 December 2025

28. LOAN FROM ULTIMATE CONTROLLING PARTY (Continued)

During the year ended 31 December 2024, the Group draw down a facility loan of approximately HK\$30,078,000. The directors of the Company assessed the fair value of the loan at the drawdown date and recognised fair value adjustments of approximately HK\$4,197,000 to the outstanding carrying amount of the loan and the capital reserve as a deemed contribution from the ultimate controlling party.

During the year ended 31 December 2025, the Group derecognised the loans from Mr. Zhang through repayment by cash and issuance of perpetual bonds. Out of the total principal amount, approximately HK\$2,091,000 was repaid in cash, and the remaining principal of approximately HK\$124,204,000 was settled through the issuance of perpetual bonds (note 31) as a non-cash transaction. A loss on early settlement of approximately HK\$6,079,000 was recognised in finance costs in profit or loss.

29. OTHER LOAN

	2025 HK\$'000	2024 HK\$'000
Other loan:		
Within one year	543	–

As at 31 December 2025, the other loan from an independent third party is unsecured, bears interest at the 1-year Loan Prime Rate (LPR) published by the People's Bank of China (PBOC), and is repayable in March 2026.

30. SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	2,000,000	20,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	800,000	8,000

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30. SHARE CAPITAL AND RESERVES (Continued)

(b) Reserves

(i) PRC statutory reserve

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of Dongguan Jia Jun Electronic Technology Company Limited ("Dongguan Jia Jun"), Guangzhou Weaving Communications Telecommunications Technology Limited ("Guangzhou Weaving") and Hunan Huama Construction Engineering Company Limited ("Hunan Huama"). Appropriations to the reserves were determined by the respective board of directors of Dongguan Jia Jun, Guangzhou Weaving and Hunan Huama and can be used to offset accumulated losses and increase capital upon approval from the relevant government authorities.

(ii) Capital reserve

Capital reserve represents (i) the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company as consideration; (ii) additional contributions made by the prior shareholders of the Company's subsidiaries; (iii) difference between the carrying amounts of non-controlling interests acquired and the consideration paid for acquisition of addition interest in subsidiaries; and (iv) deemed contribution from the loans from the immediate holding company, related companies, and ultimate controlling party.

(iii) Merger reserve

Merger reserve arising from acquisition of the subsidiaries under common control being the difference between the consideration paid for the acquisition and the carrying amount of the net assets of the subsidiaries at the date when the Group and the acquired subsidiaries become under common control.

31. PERPETUAL BONDS

	2025 HK\$'000	2024 HK\$'000
Perpetual bonds	123,808	—

During the year ended 31 December 2025, the Group issued two perpetual bonds to the ultimate controlling party, Mr. Zhang, with principal amounts of HK\$100,000,000 and HK\$24,204,000, respectively. The consideration was settled by offsetting the outstanding loans from Mr. Zhang of the equivalent amounts. The perpetual bonds are unsecured, bear a fixed interest rate of 4.5% per annum, and have no fixed maturity date. The Group has the right to defer the payment of principal and interest indefinitely. Accordingly, the perpetual bonds are classified as equity instruments.

During the year ended 31 December 2025, Mr. Zhang, waived the interest on the perpetual bonds for the year. In addition, the Group repaid principal amounts totaling HK\$396,000, which was directly deducted from the carrying amount of the perpetual bonds within equity.

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32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Plant and equipment		1	6
Investments in subsidiaries	(a)	–	–
		1	6
Current assets			
Amounts due from subsidiaries	(b)	11,157	10,155
Prepayments and other receivables		293	191
Financial assets at fair value through profit or loss		47,191	48,228
Bank balances and cash		9,427	16,468
		68,068	75,042
Current liabilities			
Other payables		1,514	1,804
Loan from ultimate controlling party		–	116,276
Amounts due to subsidiaries	(b)	2,726	2,731
Loan from a related company		27,394	29,641
		31,634	150,452
Net current assets (liabilities)		36,434	(75,410)
Total assets less current liabilities		36,435	(75,404)
Net assets (net liabilities)		36,435	(75,404)
Capital and reserves			
Share capital	30	8,000	8,000
Perpetual bonds	31	123,808	–
Reserves	(c)	(95,373)	(83,404)
Total equity (deficiency in assets)		36,435	(75,404)

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For the year ended 31 December 2025

32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Continued)

Notes:

- (a) As at 31 December 2025, investments in subsidiaries are carried at cost of HK\$80,986,000 (2024: HK\$80,986,000) less accumulated impairment losses of HK\$80,986,000 (2024: HK\$80,986,000).
- (b) The amounts are unsecured, interest-free and repayable on demand.
- (c) Movements in the Company's reserves

	Share premium HK\$'000	Capital reserve HK\$'000 (Note)	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	104,098	90,040	(132,908)	61,230
Loss and total comprehensive expense for the year	–	–	(148,831)	(148,831)
Deemed contribution from the ultimate controlling party	–	4,197	–	4,197
At 31 December 2024 and 1 January 2025	104,098	94,237	(281,739)	(83,404)
Loss and total comprehensive expense for the year	–	–	(11,969)	(11,969)
At 31 December 2025	104,098	94,237	(293,708)	(95,373)

Note: Capital reserve represents (i) the difference between the nominal value of the shares issued by the Company for the acquisition of equity interests of its subsidiaries and the net assets value of its subsidiaries at the date of acquisition; and (ii) deemed contribution from the loan from the immediate holding company, related companies and ultimate controlling party.

33. RETIREMENT BENEFIT SCHEMES

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan and the assets of the MPF Scheme are held separately from those of the Group in funds administered by independent trustee. Under the MPF Scheme, the Group and its employees are each required to make monthly contributions to the MPF Scheme at 5% of the employee's earnings capped at HK\$1,500 per month to the MPF Scheme in both years.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to profit or loss of approximately HK\$2,409,000 (2024: HK\$5,043,000) represent contributions payable to these schemes by the Group during the year ended 31 December 2025. Contributions to the scheme vest immediately.

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33. RETIREMENT BENEFIT SCHEMES *(Continued)*

During the years ended 31 December 2025 and 2024, the Group has no forfeited contributions from the pension schemes (i.e. contribution processed by the employees who leave the scheme prior to vesting fully in such contribution) available to reduce its contribution to the pension schemes in future years.

34. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 23 September 2015 for the primary purpose of rewarding the directors of the Company and eligible employees, advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group whom the directors of the Company considers, in its sole discretion, have contributed or will contribute to the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company (the "Shares") in issue at any point in time, without prior approval from the Company's shareholders. Besides, the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under any Schemes of our Company must not exceed such number of Shares as shall represent 30% of the total number of Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 (or such other amount as shall be permissible under the Main Board Listing Rules from time to time) must be approved in advance by the shareholders.

Options may be exercised in accordance with the terms of the Scheme shall be a period of time to be notified by the directors of the Company to each option-holder, which the directors of the Company may in its absolute discretion determine, save that such period shall not be more than ten years from the offer date. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Shares as stated in Stock Exchange's daily quotations sheets on the date on which the option is offered to a participant ("Offer Date"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

At 31 December 2025 and 2024, no options had been granted or remained outstanding under the Scheme.

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35. OPERATING LEASE ARRANGEMENT

The Group as lessor

The Group leases out broadband infrastructure and network equipment under operating leases. The leases typically run for an initial period of one to nine years. Lease payments are usually increased every 3 years to reflect market rentals. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	681	467
After one year but within two years	248	664
After two years but within three years	8	242
After three years but within five years	–	8
	937	1,381

36. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these consolidated financial statements, the Group has the following transaction with its related parties.

(a) Related parties' transactions

Saved as elsewhere disclosed in these consolidated financial statement, during the year, the Group entered into the following transactions with related parties:

	2025 HK\$'000	2024 HK\$'000
Revenue from broadband infrastructure construction services		
Subsidiaries of 實地地產集團有限公司*	8,285	8,503
Guangzhou R&F Properties Co., Ltd. and its subsidiaries, joint ventures and associates ("Guangzhou R&F Group")	2,832	9,200
Service costs charged by		
Subsidiaries of 實地地產集團有限公司	454	179
Guangzhou R&F Group	421	290
廣州天力物業發展有限公司	365	448

* Mr. Zhang had beneficial interest in these companies and these related party transactions also constituted continuing connected transactions which are subject to annual review and relevant requirements under Chapter 14A of the Listing Rules.

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36. RELATED PARTY DISCLOSURES (Continued)

(b) Related parties' balances

	2025 HK\$'000	2024 HK\$'000
Balances with subsidiaries of 實地地產集團有限公司		
– Included in amounts due from related companies (trade-nature)	4,496	5,015
– Included in amounts due to related companies (trade-nature)	–	4,173
– Included in trade payables	1,197	638
Balances with Guangzhou R&F Group		
– Included in trade receivables	5,529	7,774
– Included in contract assets	2,010	721
– Included in trade payables	690	412
Balances with 廣州富力鼎盛置業發展有限公司		
– Included in trade payables	332	287

The Guangzhou R&F Group and 廣州富力鼎盛置業發展有限公司 are controlled, jointly controlled or significantly influenced by the close family member of the Group's controlling shareholder, Mr. Zhang. There are various credit terms granted to/from the related parties on mutually agreed basis.

(c) Compensation of key management personnel

The directors of the Company considered that they are the only key management personnel of the Group for the years ended 31 December 2025 and 2024 and their emoluments are disclosed in note 15.

The emoluments of the directors of the Company are determined by the directors of the Company with reference to the performance of individuals and market trends.

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37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place/country of incorporation/ registration/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Attributable equity interest and voting power held by the		Principal activities
				Company		
				2025	2024	
<u>Directly held</u>						
Top Dynamic International (BVI) Ltd	BVI	Ordinary share	USD1,000	100%	100%	Investment holding
Tech Elite Investments Limited	BVI	Ordinary share	USD1	100%	100%	Investment holding
Brainhole Technology Investments Limited	Hong Kong	Ordinary share	HKD26,600,000	100%	100%	Investment holding
Brainhole Technology Industrial Development Holdings Limited	BVI	Ordinary share	USD1	100%	100%	Investment holding
Brainhole Technology Future Holdings Limited <i>(Notes (iii))</i>	BVI	Ordinary share	USD1	100%	–	Investment holding
Realverse Holdings Limited <i>(Notes (iii))</i>	BVI	Ordinary share	USD1	100%	–	Inactive
<u>Indirectly held</u>						
Top Dynamic (BVI) Limited	BVI	Ordinary share	USD100	100%	100%	Investment holding
Top Dynamic Electronics Limited <i>(Notes (iv))</i>	Hong Kong	Ordinary share	HKD1	100%	100%	Trademark holding
Top Empire Management Limited	Hong Kong	Ordinary share	HKD1	100%	100%	Provision of management services
Top Dynamic Enterprises Limited	Hong Kong	Ordinary share	HKD1	100%	100%	Trading of electronic goods and electrical parts and components
Dongguan Jia Jun Electronic Technology Company Limited (“Dongguan Jia Jun”) <i>(Notes (i) and (ii))</i>	PRC	Registered capital	USD12,000,000	100%	100%	Manufacturing and trading of electronic goods and electrical parts and components

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37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place/country of incorporation/ registration/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Attributable equity interest and voting power held by the		Principal activities
				Company		
				2025	2024	
<u>Indirectly held</u>						
Brainhole Technology Industrial Development Limited	Hong Kong	Ordinary share	HKD10,000	100%	100%	Investment holding
Shenzhen Xiaozhuo Chongfeng Taproom Limited ("Shenzhen Xiaozhuo") (Notes (i) and (iii))	PRC	Registered capital	RMB1,000,000	100%	100%	Operation of a restaurant
Hangzhou Buxiu Moments Technology Company Limited ("Hangzhou Buxiu") (Notes (i), (ii) and (iii))	PRC	Registered capital	HKD3,000,000	100%	–	Marketing consultancy and procurement agency
Timeless Nutrition Limited (Notes (iii))	Canada	Ordinary share	CAD100	100%	–	Inactive
Guangzhou Brainhole Weaving Communications Telecommunications Technology Limited ("Guangzhou Brainhole Weaving") (Notes (i) and (iii))	PRC	Registered capital	USD3,310,000	100%	100%	Investment holding
Guangzhou Weaving Communications Telecommunications Technology Limited ("Guangzhou Weaving") (Notes (i) and (iii))	PRC	Registered capital	RMB34,362,336	100%	100%	Broadband infrastructure construction and the provision of integrated solution for smart domain (including smart home, smart campus and smart communities)
Hunan Huama Construction Engineering PRC Company Limited ("Hunan Huama") (Notes (i) and (iii))	PRC	Registered capital	RMB2,000,000	100%	100%	Broadband infrastructure construction and the provision of integrated solution for smart domain (including smart home, smart campus and smart communities)

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37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place/country of incorporation/ registration/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Attributable equity interest and voting power held by the Company		Principal activities
				2025	2024	
Guangzhou Weaving Intelligence Technology Limited ("Guangzhou Weaving Intelligence") (Notes (i) and (iii))	PRC	Registered capital	RMB30,000,000	100%	100%	Broadband infrastructure construction and the provision of integrated solution for smart domain (including smart home, smart campus and smart communities)
Brainhole Technology Trading Limited (Notes (iii))	Hong Kong	Ordinary share	HKD1	100%	–	Inactive
<u>Indirectly held</u> Brainhole Technology Future Limited (Notes (iii))	Hong Kong	Ordinary share	HKD10,000	100%	–	Investment holding
Shanghai Biyong Education Technology Company Limited ("Shanghai Biyong") (Notes (i), (ii) and (iii))	PRC	Registered capital	RMB1,000,000	100%	–	Adult education training and education advisory
Shanghai Biyong Jiangneng Business Consulting Company Limited ("Shanghai Biyong Jiangneng") (Notes (i), (ii) and (iii))	PRC	Registered capital	RMB500,000	100%	–	Adult education training and education advisory
Yangzhou Biyong Education Technology Company Limited ("Yangzhou Biyong") (Notes (i), (ii) and (iii))	PRC	Registered capital	RMB200,000	100%	–	Inactive

Notes:

- (i) Dongguan Jia Jun, Guangzhou Brainhole Weaving, Guangzhou Weaving, Hunan Huama, Guangzhou Weaving Intelligence, Shenzhen Xiaozhuo, Hangzhou Buxiu, Shanghai Biyong, Shanghai Biyong Jiangneng and Yangzhou Biyong are wholly-owned foreign enterprise established in the PRC.
- (ii) The English translation of the company name is for reference only. The official names of these companies are 東莞市佳駿電子科技有限公司, 廣州腦洞織網通訊科技有限公司, 廣州織網通訊科技有限公司, 湖南華馬建設工程有限公司, 廣州織網智能科技有限公司, 深圳市小酌重逢酒館有限公司, 杭州不朽時光科技有限公司, 上海必用教育科技有限公司, 上海必用匠能商務諮詢有限公司 and 揚州必用教育科技有限公司 respectively.
- (iii) The subsidiary was incorporated during the year ended 31 December 2025.
- (iv) The subsidiary was deregistered during the year ended 31 December 2025.

None of the subsidiaries had issued any debt securities during both years or at the end of both years.

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38. 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 consolidated statement of cash flows as cash flows from financing activities.

	1 January 2025 HK\$'000	Financing cash flows HK\$'000	Non-cash changes				Exchange realignment HK\$'000	31 December 2025 HK\$'000
			New lease arrangements/ lease modification HK\$'000	Termination of a lease HK\$'000	Finance cost incurred HK\$'000	Issuance of perpetual bonds HK\$'000		
Lease liabilities	2,832	(1,664)	1,815	(1,629)	119	-	73	1,546
Loans from related companies	44,598	(63)	-	-	-	-	407	44,942
Loan from ultimate controlling party	116,276	(2,091)	-	-	10,019	(124,204)	-	-
Other loan	-	536	-	-	-	-	7	543
	163,706	(3,282)	1,815	(1,629)	10,138	(124,204)	487	47,031

	1 January 2024 HK\$'000	Financing cash flows HK\$'000	Non-cash changes				Exchange realignment HK\$'000	31 December 2024 HK\$'000
			New lease arrangements/ lease modification HK\$'000	Termination of a lease HK\$'000	Finance cost incurred HK\$'000	Recognition of deemed contribution HK\$'000		
Lease liabilities	5,504	(2,898)	2,642	(2,647)	305	-	(74)	2,832
Loans from related companies	49,930	(5,006)	-	-	-	-	(326)	44,598
Loan from ultimate controlling party	83,349	27,223	-	-	9,901	(4,197)	-	116,276
	138,783	19,319	2,642	(2,647)	10,206	(4,197)	(400)	163,706

39. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, the Group had acquired and disposed of certain listed equity securities. Details of which are set out in the Company's announcements from the end of reporting period up to the date of audited consolidated financial statement.

Financial Summary of the Group

	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Results					
Revenue	82,460	119,991	220,807	263,566	321,570
Loss before tax	(34,492)	(108,468)	(36,676)	(61,729)	(51,198)
Total comprehensive expense for the year	(32,662)	(130,028)	(34,817)	(64,881)	(47,830)
	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Assets and Liabilities					
Total assets	118,976	152,740	279,196	333,417	353,629
Total liabilities	86,899	211,809	212,434	231,838	211,305
Total equity (deficiency in assets)	32,077	(59,069)	66,762	101,579	142,324

Definitions

In this report, unless the context otherwise requires, the following expressions have the following meanings:

"Articles"	the articles of association of the Company currently in force
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Company"	Brainhole Technology Limited 腦洞科技有限公司, a company incorporated as an exempted company with limited liability in the Cayman Islands
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Guangzhou Weaving"	Guangzhou Weaving Communications Telecommunications Technology Limited (廣州織網通訊科技有限公司*), a company established in the PRC with limited liability
"Guangzhou Weaving Group"	Guangzhou Weaving and its subsidiary
"HK\$" or "HK dollar(s)" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Korea"	the Republic of Korea

Definitions

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and/or otherwise modified from time to time as the context may require
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	a code of conduct adopted by the Company regarding securities transactions by Directors and employees of the Group on terms no less exacting than the required standard of dealings set out in Appendix C3 to the Listing Rules
"NASDAQ"	National Association of Securities Dealers Automated Quotations Stock Market
"Period"	the year ended 31 December 2025
"PRC"	the People's Republic of China, save that, for the purpose of this report and unless the context otherwise requires, references in this report do not include Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Scheme"	the share option scheme adopted by the Company on 23 September 2015
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK\$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"% "	per cent.

* *The English translation of the company name is for reference only. The official name of this company is in Chinese.*