富銀融資租賃(深圳)股份有限公司
FY Financial (Shenzhen) Co., Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 8452

2025
ANNUAL REPORT

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CORPORATE INFORMATION

NAME OF COMPANY

FY Financial (Shenzhen) Co., Ltd.

STOCK CODE

08452

BOARD OF DIRECTORS

Executive Directors

Mr. Li Peng (Chairman)
Mr. Weng Jianxing
Ms. Gong Xiaoting

Non-executive Directors

Mr. Peng Qilei
Ms. Liu Jing

Independent Non-executive Directors

Mr. Liu Shengwen
Mr. Hon Leung
Mr. Tong Qiang

SUPERVISORY COMMITTEE

Mr. Zhu Xiaodong (Chairman)
Mr. Liu Bing (ceased on 31 March 2025)
Ms. Li Juan (Appointed at the employee representatives' meeting on 31 March 2025)
Mr. Sun Luran

AUDIT COMMITTEE

Mr. Liu Shengwen (Chairman)
Mr. Hon Leung
Mr. Tong Qiang

NOMINATION COMMITTEE

Mr. Tong Qiang (a member until 24 June 2025 and was appointed as the chairman on 24 June 2025)
Mr. Hon Leung
Ms. Gong Xiaoting (Appointed on 24 June 2025)
Mr. Li Peng (Resigned as the chairman on 24 June 2025)

REMUNERATION COMMITTEE

Mr. Liu Shengwen (Chairman)
Mr. Hon Leung
Mr. Peng Qilei

JOINT COMPANY SECRETARIES

Ms. Gong Xiaoting
Mr. Wong Wai Chiu

AUTHORIZED REPRESENTATIVES

Mr. Weng Jianxing
Mr. Wong Wai Chiu

CORPORATE INFORMATION

REGISTERED OFFICE

Room 201, Block A
No. 1 Qianwan First Road
Qianhai Shenzhen-Hong Kong Cooperation Zone
Shenzhen, Guangdong
The People's Republic of China (the "**PRC**")

HEAD OFFICE IN THE PRC

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No. 128 Xinzhou 11th Street
Futian District
Shenzhen, Guangdong
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE

www.fyleasing.com

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISERS

As to Hong Kong law

DLA Piper Hong Kong

As to PRC law

Beijing Tian Yuan Law Firm

As to litigation advisor

Guangdong Huatu Law Firm

PRINCIPAL BANKERS

China Everbright Bank
Agricultural Bank of China Limited
Bank of China Limited

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

* *If there is any inconsistency between the Chinese names of the entities, companies or legal entities incorporated in the PRC and their English translations in this annual report, the Chinese names shall prevail. The English translations of the Chinese names of such entities, companies or legal entities are provided for illustration purposes only.*

FIVE YEARS FINANCIAL SUMMARY

Summary of the Group's results, assets, liabilities and equity for the last five financial years is set out below:

RESULTS

	For the years ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000
Revenue	**76,890**	133,066	57,069	29,501	43,095
(Loss)/profit before income tax	**(33,516)**	(8,169)	4,081	(38,753)	20,236
Income tax (expense)/credit	**(13,780)**	(506)	(3,452)	6,058	(5,305)
(Loss)/profit for the year	**(46,593)**	(8,675)	629	(32,695)	14,931
Basic earnings/(loss) per share (RMB)	**(0.12)**	(0.02)	0.01	(0.08)	0.04

HIGHLIGHTS OF CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
ASSETS AND LIABILITIES					
Total assets	**505,473**	557,536	486,549	511,630	553,156
Total liabilities	**109,815**	115,285	35,743	61,143	77,569
Total equity	**395,658**	442,251	450,806	450,487	475,587
Non-controlling interests	**2,221**	5,279	6,961	11,531	—
Equity attributable to equity holders of the Company	**393,437**	436,972	443,845	438,956	475,587

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of FY Financial (Shenzhen) Co., Ltd. (the "**Company**"), I present the annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2025 (the "**Reporting Period**") to the shareholders of the Company (the "**Shareholder(s)**").

During 2025, the global economy presented a complex picture amid multiple challenges, characterized by overall slowing growth but intensifying internal divergence. The Group's finance leasing and factoring business maintained a prudent operating approach through the implementation of conservative financial management strategies and the enhancement of risk-management measures to safeguard the Group's funds. The Group's energy storage business remained committed to its core strategic of "develop robust energy storage and optimise energy storage utilisation", with continued emphasis on effective strategic execution, systematic advancement, steady and disciplined progress, and the strengthening of its fundamental operational capabilities. The Group's cross-border e-commerce business remained relatively small in scale, contributing only a modest proportion to the overall business portfolio and has yet to demonstrate significant growth momentum.

Zhuhai Fuylin Yunlian Investment Management Co., Ltd., a wholly-owned subsidiary of the Company, as the subscriber, entered into a first subscription agreement with Shanghai KYMS Cloud Technology Co., Ltd* (上海快易名商雲科技股份有限公司) ("**Shanghai KYMS**"), as the issuer, on 10 May 2021, and a second subscription agreement on 30 September 2021. Upon completion of the two subscriptions, the Group owned 20.81% of the issued share capital of Shanghai KYMS, and Shanghai KYMS was accounted for as an associate of the Group.

Shanghai KYMS is principally engaged in leasing of serviced offices and provision of supporting value-added services. Since the Company's investment in Shanghai KYMS, it has maintained ongoing oversight of Shanghai KYMS's financial position. Recently, the Company has observed a series of developments indicating changes in the financial position and business performance of Shanghai KYMS. Following communication with the management of Shanghai KYMS, the Company acknowledged that due to the uncertainties in the economic outlook and the downturn in China's leasing of office business, the upstream property owners of Shanghai KYMS have shown very little willingness to reduce rents due to asset valuation pressures and financing cost considerations. Confronted with the dual pressures of a significant decline in downstream rental income and rigid upstream cost structures, the business recovery of Shanghai KYMS has fallen short of expectations. As a result, Shanghai KYMS is currently experiencing severe operational challenges and cash flow constraints, and its management is actively exploring measures to address and resolve these difficulties.

Looking ahead, the Group remains optimistic about its long-term business prospects, prioritising sustainable development and disciplined growth. Rather than pursuing short-term scale expansion, the Group will continue to focus on building a solid foundation to support long-term value creation.

Finally, on behalf of the Board, I would like to thank all of our employees for their dedication and express my gratitude to the Shareholders and our customers.

Li Peng
Chairman

31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

During 2025, the global economy presented a complex picture amid multiple challenges, characterized by overall slowing growth but intensifying internal divergence, while undergoing a deep restructuring of the trade systems, supply chains, and monetary frameworks. The Chinese economy has played a stabilizing role amid the global shift while maintaining the resilience of its own development. During 2025, the energy storage industry as a whole has entered a phase of "shedding superficiality and deepening core competencies." Following an initial phase of rapid expansion, the industrial and commercial energy storage industry has faced increasingly strict management requirements concerning policy, grid-connection, safety, and measurement, which has accelerated industry differentiation, and companies possessing system design capabilities, engineering delivery capabilities, and long-term service capabilities are gradually gaining advantages.

The Group is principally engaged in the provision of financial leasing, factoring and advisory services, customer referral services, the supply of medical equipment, energy storage business and cross-border e-commence business in the PRC.

During the Reporting Period, the Group's finance leasing and factoring business, which serves small-and medium-sized enterprises, continued to be cautious by adopting prudent financial management strategies. Since 2020, the Company has progressively reduced new deployments in financing lease while recovering leased finance leasing assets. As at 31 December 2025, there was no balance of leased finance leasing assets, as the auditors had recognised impairment losses in full in respect of existing contracts that had become non-performing due to customer delinquencies, and as these assets were all at the litigation or judgment stage. The Company still holds factoring assets with a balance of RMB199.36 million. These factoring assets primarily provide accounts receivable factoring services to customers.

During the Reporting Period, the Group's energy storage business remained committed to the core strategic of "develop robust energy storage and optimise energy storage utilisation", further strengthening execution along its established strategic direction and maintaining strategic consistency rather than making frequent adjustments. In the industrial and commercial energy storage segment, Jiangsu, Zhejiang, Anhui, and neighbouring regions remained core markets, where the Group continued to deepen engagement with high-energy-consumption enterprises, industrial park clients and regional partners. Localized sales and project coordination capabilities have been further strengthened, significantly shortening the customer decision-making process. Enhancing project quality and optimize the customer structure continuously, resulting in improved single-project scale and system configuration rationality. In the field of electricity energy storage, awarded projects are progressively entering the delivery and implementation phase. Through collaboration with energy companies, energy storage asset investors, regional sales channels, customer base and order volume are expanding while controlling project risk. Being more prudent in selecting project types, emphasizing deliverability, collectability, and replicability.

During the Reporting Period, the Group's cross-border e-commerce business was at an early stage of development and represents a modest portion of the Group's overall portfolio. While it has yet to exhibit strong growth momentum, its integration with major cross-border e-commerce platforms provides a solid foundation for future expansion. Monthly order volumes remained low, but the business is well-positioned to capture growth opportunities as the market evolves.

2. FUTURE PROSPECTS

Looking ahead, the Group remains optimistic about its long-term business prospects, prioritising sustainable development and disciplined growth. Rather than pursuing short-term scale expansion, the Group will continue to focus on building a solid foundation to support long-term value creation.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group amounted to approximately RMB76.89 million, representing a decrease of approximately 42.22% from approximately RMB133.07 million for the same period of last year. This decrease was primarily due to a significant drop in income from the energy storage business. This was because the energy storage business has adjusted its operational strategy, shifting from large-scale energy storage projects (with a capacity exceeding 100 MWh) to medium-scale energy storage projects (with a capacity ranging from several MWh to tens of MWh) or commercial and industrial energy storage projects (with a capacity ranging from hundreds of kWh to several MWh). Whilst this shift will result in a decrease in revenue, gross profit and cost of sales for the energy storage business, the gross profit margin is expected to increase.

Gross Profit

During the Reporting Period, the Group's gross profit amounted to approximately RMB35.07 million, representing a decrease of approximately 21.84% compared to approximately RMB44.87 million for the same period of last year. This decrease was primarily due to a reduction in gross profit from the energy storage business.

Cost of Sales

During the Reporting Period, the Group's cost of sales amounted to approximately RMB41.82 million, representing a decrease of approximately 52.58% compared to approximately RMB88.20 million for the same period of last year. This decrease was primarily due to a reduction in the cost of sales for the energy storage business.

OTHER INCOME AND GAINS

During the Reporting Period, the Group's other income and gains amounted to approximately RMB24.61 million, representing an increase of approximately 381.47% from approximately RMB5.11 million for the same period of last year. This increase was primarily due to higher gains on financial assets at fair value through profit or loss, which in turn was mainly due to increased gains on a fund in which the Group has invested; a company in which this fund has invested is due to be listed on the domestic A-share market in 2025, and professional valuer estimates that the sale would generate a gain of approximately RMB 19.00 million.

OPERATING EXPENSES

During the Reporting Period, the Group's operating expenses amounted to approximately RMB12.12 million, representing a decrease of approximately 28.42% from approximately RMB16.93 million for the same period of last year. This decrease was primarily due to the Group's implementation of cost-control measures, which led to a decrease in sales expenses and labour costs associated with the cross-border e-commerce business.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB21.80 million, representing a decrease of approximately 19.28% from approximately RMB27.01 million for the same period of last year. This decrease was primarily due to a reduction in operating expenses and staff remuneration.

IMPAIRMENT LOSS ON ACCOUNTS RECEIVABLE

Impairment loss of the Group mainly included the impairment losses on financial lease receivables, receivables from sale and leaseback transactions, factoring receivables and other receivables (comprising trade receivables and receivables from operating lease). The main impairment losses recognized during the Reporting Period are as follows:

	31 December 2025 RMB'000 (audited)	31 December 2024 RMB'000 (audited)
(1) Impairment loss (reversal of impairment loss) on finance lease receivables	**1,788**	(1,660)
(2) Impairment loss (reversal of impairment loss) from sale and leaseback transactions	**6,567**	(1,985)
(3) Impairment loss on factoring receivables	**2,226**	10,614
(4) Impairment loss on other receivables	**2,591**	2,652
Total impairment loss	**13,172**	9,621

IMPAIRMENT LOSS ON ACCOUNTS RECEIVABLE *(CONTINUED)*

During the Reporting Period, provision for impairment of accounts receivable was approximately RMB13.17 million, which was mainly due to the following reasons:

(1) Taking into account that these finance lease customers were overdue for more than three years and had not repaid their receivables, and considering their mismanagement or poor operating performance, a full impairment provision was therefore made for the amounts these customers could not repay to the Group;

(2) Taking into account that these sale and leaseback customers were overdue for two to three years and had not repaid their receivables, and considering their mismanagement or poor operating performance, a full impairment provision was therefore recognised for the amounts these customers could not repay to the Group;

(3) Taking into account that these factoring customers were overdue for more than six months and had not repaid their receivables, and the mismanagement or poor operating performance of these customers, which resulted in the revenues received by them not being able to cover their operating costs. A corresponding impairment provision was therefore made for the amounts that these customers were unable to repay the Group; and

(4) Other amounts include a provision for impairment of trade receivables of RMB1,224,000; a provision for impairment of operating lease receivables of RMB1,015,000; and a provision for impairment loss on amounts due from related companies of RMB352,000. The increases in these impairment provisions were mainly due to the assessment of loss allowances using 12 month expected credit losses ("**ECLs**") or lifetime ECLs because of a significant increase in credit risk during the current period.

The method, key assumptions and basis used

The Company measured loss allowances by assessing the ECL, which is a probability-weighted estimate of credit losses in accordance with HKFRS9 where credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contracts and all the cash flows that the Group expects to receive.

As disclosed in notes 3, 4, 19, 20 and 40(b) to the consolidated financial statements, the Group assessed the ECL according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses in respect of receivables in accordance with HKFRS 9. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g. the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure the ECL according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit-impaired financial assets, parameters for measuring ECL and forward-looking information.

In assessing the ECL, the Group would categorize its receivables into five categories, namely "Normal", "Special-Mention", "Substandard", "Doubtful" and "Loss". Expected loss rates would be estimated based on actual loss experience over the past 3 years. These rates were adjusted to reflect differences between economic conditions during the period over which the historical data had been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Details of the classification of the receivables and the estimation of the expected loss rates are set out in note 40(b) to the consolidated financial statements.

As explained in note 3 to the consolidated financial statements, the Group measured loss allowances for finance lease receivables and sales leaseback receivables based on lifetime ECLs. For factoring receivables, trade receivables and operating lease receivables, the Group would assess the loss allowances based on 12-month ECLs. However, if there was a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

IMPAIRMENT LOSS ON ACCOUNTS RECEIVABLE *(CONTINUED)*

The method, key assumptions and basis used (continued)

For the year ended 31 December 2025, the Company engaged an independent valuer, Flagship Appraisals and Consulting Limited ("**Flagship**"), to perform the ECL assessment and provided for the impairment loss on the financial assets based on such assessment. Details of the ECL assessment, which are largely similar to the above disclosure.

Flagship has used the general approach for valuing the ECL for finance lease receivables, sales and leaseback receivables, trade receivables and the operating lease receivables as required by HKFRS9 under which the 12-month ECL will be determined. Under this approach, financial assets would be classified into different stages in accordance with the respective credit risk and specific industry default rates and loss given default would be used to estimate the ECL. In the case of a significant increase in credit risk since origination of these receivables, the allowance will be based on the lifetime ECLs.

The Company considers that there had been no substantial changes to the way it estimated the ECL. The bases, assumptions and factors employed in assessing the ECL for the year 2025 were similar to prior years. The increase in the provision for the impairment on the receivables was primarily due to increase in the number of credit-impaired customers in 2025 as a result of some poorly-managed projects and the poor business performance of some projects. These credit-impaired customers were either under severe financial difficulties, placed under liquidation or in legal proceedings. To safeguard the interest of the Group, the Group took legal actions against them and the court had ordered asset seizure for the benefit of the Group. The Group has made a provision on the receivables from these credit-impaired customers because it is highly uncertain that the Group will be able to realize the pledged asset to recover the relevant receivables.

INCOME TAX EXPENSES

During the Reporting Period, the Group's income tax expenses amounted to approximately RMB13.78 million, representing an increase of more than 26 times as compared to the income tax expenses of approximately RMB0.51 million for the same period of last year. Such increase was mainly due to an increase in the deferred income tax credit in 2025.

FOREIGN EXCHANGE RISK

The Group's income and expenditure during the Reporting Period were principally denominated in RMB and most of the assets and liabilities during the Reporting Period were also denominated in RMB. During the Reporting Period, the Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate and no hedging transaction or forward contract arrangement was made by the Group.

FINANCIAL LEASING OPERATIONS, FACTORING, AND RELATED CREDIT RISK

The Group's major credit risk mainly arises from financing lease receivables and factoring receivables.

Financial Leasing Operations

The Group mainly provide two types of financing leasing services to its customers, namely direct financing leasing and sale and leaseback, including (i) new product direct leasing, which involves the leasing of new equipment purchased by the Group; (ii) new product leaseback, which involves the leasing of new equipment purchased by its customers from equipment suppliers prior to leasing transactions; and (iii) used product leaseback transactions, which involves the leasing of used equipment owned by the Group's customers and sold to the Group prior to leasing transactions. The Group may require additional collateral or guarantees from lessees and third parties for all finance lease transactions to better protect them against credit risks. Such additional collateral or guarantees include: (i) joint and several guarantees by the lessee's legal representatives, major stakeholders, related party companies, and third party companies; (ii) mortgages of production equipment, real estate, or account receivables; and (iii) mortgages of the lessee's shares in the company.

Factoring

In respect of the Group's factoring business, it provides financing and receivables management services to its customers in exchange for interest and management fee income. The Group's customers are required to transfer it the legal title to the receivables to the Group. Upon such transfer, the Group has the right to collect the outstanding amount of the receivables from the buyers (i.e. the debtors of the receivables).

The Group's financing leasing and factoring business mainly focuses on small and medium-sized enterprises (SMEs) through providing financial support to enterprises. Its customers come from the fast moving consumer goods, electronic products, alternative energy, medical, transport, construction, decoration, property development and machinery parts processing industries.

FINANCIAL LEASING OPERATIONS, FACTORING, AND RELATED CREDIT RISK *(CONTINUED)*

Internal Control Procedures

In the course of carrying out the above businesses, the main processes of the Group's credit risk management system are set out below:

Risk management measures for different stages of a project	Responsible department(s)	Functions
Initiation and Internal Review	• Business Department	• Conduct preliminary assessment
Due Diligence	• Business Department • Risk Management Department	• Conduct due diligence into background and creditworthiness of customer, guarantor, equipment supplier and/or underlying debtor • Submit proposal(s) to committee(s) at higher level
Project Assessment and Preparation	• Risk & Investment Committee • Project Approval Committee	• Risk & Investment Committee principally reviews and approves: – finance lease projects exceeding RMB10 million and/or involving new industry – factoring projects exceeding RMB5 million and/or involving new industry • Project Approval Committee principally reviews and approves: – finance lease projects not exceeding RMB10 million and not involving new industry – factoring projects not exceeding RMB5 million and not involving new industry
Signing and Closing	• Business Department • Asset Management Department • Finance Department	• Draft, review and execute contracts • Prepare and submit project documents (if bank finance required) • Complete registration of assets and collateral • Purchase insurance
Portfolio Management and Monitoring	• Business Department • Risk Management Department • Asset Management Department • Finance Department	• Monitor customer's payments, financial condition and operations • Conduct monthly assessments of assets
Risk Management and Enforcement Measures	• Business Department • Risk Management Department • Asset Management Department	• Enforce collateral • Extend repayment schedule • Transfer non-performing assets

FINANCIAL LEASING OPERATIONS, FACTORING, AND RELATED CREDIT RISK *(CONTINUED)*

Internal Control Procedures (continued)

The Group develops and implements certain risk management procedures in order to mitigate its losses. After on-site visits to see a customer with overdue payments, the Group usually tries to negotiate with the customer to revise repayment terms, including an extension or adjustment of the customer's repayment schedule, or a return and disposal of the Group's leased equipment. If the Group is not able to agree with its customer on the revised repayment terms, it would typically undertake other risk management procedures. The Group's business department, asset management department and risk management department are primarily responsible for implementing these procedures. Such procedures include conducting on-site inspections, sending letters of demand for payment after the scheduled repayment date, initiating legal proceedings against its customers and their guarantors to recover payments, and taking enforcement actions in respect of the collateral and/or guarantee, including:

- disposal of the leased equipment (for finance leases) and/or collateral through sales or auction;
- claims against the guarantor(s) and/or the underlying debtor (for factoring);
- acceleration of repayment; and
- application for court orders to seize the assets (including real property, personal property, and securities) of the customer and/or guarantor(s), and to block their bank accounts.

In addition to the above risk management procedures, the Group may also consider transferring its non-performing assets to third parties such as asset management companies and private equity firms in the PRC.

Amount of Receivables Related To Financing Leasing Business and Factoring

As at 31 December 2025, the Group's receivables from financing leasing as well as sale and leaseback transactions ("**Financial Leasing**") amounted to approximately RMB22.78 million in total, factoring receivables with recourse ("**Factoring**") amounted to approximately RMB220.01 million in total, and the total principal amount was approximately RMB242.79 million. Other details are set out in note 19, note 20(a), note 20(b), and note 40 in the section headed "Credit risk" of the consolidated financial statements.

TOP FIVE BORROWERS

The following table sets out the major terms, amounts, and proportions of each of the Group's top five borrowers:

	Receivable type	Principle amount as at 31 December 2025 RMB'000	Percentage of principal amount
Customer 1	Factoring	31,000	12.77%
Customer 2	Factoring	30,000	12.36%
Customer 3	Factoring	28,000	11.53%
Customer 4	Factoring	22,900	9.43%
Customer 5	Factoring	20,000	8.24%

Note: The principal terms of the above loans include (i) interest rates ranging from 5% to 10% per annum; (ii) contractual terms ranging from one year to two years, and (iii) guarantees provided by individual persons or by certain persons or subjects.

Provision for Credit Losses on Financing Lease Receivables and Factoring Receivables

The following table sets out the Group's provision amount for financial leasing losses and factoring losses.

		As at 31 December 2025			
		Gross RMB'000	Loss allowance RMB'000	Net carry amount RMB'000	(Reversal of impairment loss) impairment loss recognised during the Reporting Period RMB'000
Financing lease	Financing lease receivables	10,239	10,239	–	1,788
	Receivables from sales-leaseback	12,541	12,541	–	6,567
Factoring	Factoring receivables	220,009	20,649	199,360	2,226
Total		242,789	43,429	199,360	10,581

Other details are set out in note 19, note 20(a), note 20(b), and note 40 in the section headed "Credit risk" of the consolidated financial statements.

Basis for Evaluation of Loss Provisions

Details are set out in the section headed "Credit risk" of note 40 to the consolidated financial statements.

TOP FIVE BORROWERS *(CONTINUED)*

Changes in Total Loss Provisions

Details are set out in note 19, note 20(a) and note 20(b) of the consolidated financial statements.

TREASURY MANAGEMENT

During the Reporting Period, there was no material change in the Group's funding and treasury policies. The Group had a sufficient level of cash and banking facilities for the conduct of its operation in the normal course of business.

LIQUIDITY AND CAPITAL RESOURCES

	Year ended 31 December	
	2025	**2024**
	RMB'000	**RMB'000**
Cash and cash equivalents at end of year	**32,362**	26,077
Net cash generated from/(used in) operating activities	**641**	(32,245)
Net cash generated from/(used in) investing activities	**6,956**	(7,387)
Net cash generated from/(used in) financing activities	**(1,312)**	3,446

As at 31 December 2025, the Group recorded total current assets of approximately RMB367.86 million (2024: RMB410.06 million); the Group's current ratio was approximately 3.35 (2024: 3.67); and the Group's gearing ratio (calculated as total liabilities divided by total assets) was approximately 21.73% (2024: approximately 20.68%).

As at 31 December 2025, the carrying amount of the Group's bank borrowings repayable within one year amounted to RMB9.90 million and such bank borrowings bears a fixed interest rate of 2.95% per annum (2024: RMB10.00 million).

CHARGES ON ASSETS

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 61 employees (2024: 70 employees), and employee expenses amounted to RMB13.39 million (2024: RMB19.12 million). Salaries, bonuses and benefits of employees and Directors are determined with reference to market terms and performance, qualifications and experience of individual employees and Directors.

MATERIAL ACQUISITIONS OR DISPOSALS

On 16 May 2024, Shenzhen Huixin Zhida Technology Co., Ltd.* (深圳匯信致達科技有限公司) ("**Huixin Zhida**"), a non-wholly owned subsidiary of the Company, entered into an assets transfer agreement (the "**Transfer Agreement 1**") with Zhejiang Xinzhan Communication Technology Co., Ltd. (浙江新展通信技術有限公司) ("**Zhejiang Xinzhan**"), pursuant to which Huixin Zhida has conditionally agreed to sell, and Zhejiang Xinzhan has conditionally agreed to purchase 18 base stations constructed by Huixin Zhida at an aggregate consideration of RMB1,410,000 (before tax), subject to the consideration adjustment under the Transfer Agreement 1. In addition, Guangdong Yideng Engineering Construction Co., Ltd.* (廣東壹登工程建設有限公司) ("**Guangdong Yideng**"), a non-wholly owned subsidiary of the Company, entered into an assets transfer agreement (the "**Transfer Agreement 2**") with Zhejiang Xinzhan, pursuant to which Guangdong Yideng has conditionally agreed to sell, and Zhejiang Xinzhan has conditionally agreed to purchase 105 base stations constructed by Guangdong Yideng at an aggregate consideration of RMB8,750,000 (before tax), subject to the consideration adjustment under the Transfer Agreement 2. Please refer to the announcement of the Company dated 16 May 2024 for details.

The consideration under the Transfer Agreement 1 was adjusted to RMB999,670.50 after the adjustment of RMB410,329.50 taking into account the deduction of 3 base stations due to their dismantlement and the rental adjustments on certain base stations made by the operator, which was determined in accordance with the Transfer Agreement 1. The consideration under the Transfer Agreement 2 amounted to RMB8,892,766.45. As of the date of this report, RMB999,670.50 and RMB8,554,330.65 had been received under the Transfer Agreement 1 and the Transfer Agreement 2, respectively. Pursuant to the terms of Transfer Agreement 2, due to change in price adjustments for shared base stations with operators, the consideration for two base stations sold by Guangdong Yideng remains outstanding, amounting to approximately RMB0.2 million to RMB0.3 million, which is expected to be paid on or before 30 June 2026.

Save as disclosed above, the Group had no other material acquisition or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Group's investment strategy for significant investments include: 1) investments that would enable the Group to indirectly engage in the industries with rapid development momentum and broad market prospects, which will bring investment returns and revenue to the Group; and 2) investments that would enable the Group to explore potential business cooperation opportunities.

For the year ended 31 December 2025, details of the following significant investments held by the Group, which represent 5% or more of the Group's total assets, are set out below:

Investment in an associate

	As at 31 December 2025				For the year ended 31 December 2025		
Name of investment	Investment cost (RMB '000)	Number of shares held (shares)	Approximate percentage of shares held in investees (%)	Approximate percentage of the carrying amount of the Group's total assets (%)	Carrying amount (RMB '000)	Share of (loss) profit of an associate (RMB '000)	Dividend income (RMB '000)
Investment in an associate – Shanghai KYMS (Note1)	50,000	12,626,262	20.81%	9.89%	–	(45,760)	–

SIGNIFICANT INVESTMENTS *(CONTINUED)*

Financial assets at FVTPL

Name of investment	Investment cost (RMB '000)	Number of shares held (shares)	Approximate percentage of shares held in investees (%)	Approximate percentage of the carrying amount of the Group's total assets (%)	Fair value (RMB '000)	gain (loss) of fair value (RMB '000)	Dividend income (RMB '000)
	As at 31 December 2025				For the year ended 31 December 2025		
Beijing Shuncheng Health Investment Fund, L.P.(Note 2)	30,000(Note 3)	N/A***(Note 4)	9.9%	5.94%	20,341	(1,861)	–

Note 1: Shanghai KYMS is principally engaged in the leasing of serviced offices and provision of supporting value-added services. Since the investment of the Company in Shanghai KYMS, the Company has continuously monitored its financial position. Recently, the Company has noted a series of developments indicating that Shanghai KYMS's financial position and business performance have changed. Following discussions with Shanghai KYMS's management, the Company has been informed that, due to the uncertain economic outlook and the downturn in China's office leasing sector, Shanghai KYMS's upstream property owners are highly reluctant to reduce rents, owing to asset valuation pressures and financing cost considerations; Faced with the dual pressures of a significant decline in downstream rental income and the rigidity of upstream costs, Shanghai KYMS's business recovery has fallen short of expectations. Consequently, Shanghai KYMS is facing severe operational difficulties and a shortage of funds, and its management is actively seeking solutions to resolve the crisis.

Note 2: Beijing Shuncheng Health Investment Enterprise (Limited Partnership)* (北京順澄健康投資企業(有限合夥)) achieves investment returns through investing in the fields of medical equipment, medical services and other health related fields focusing on unlisted companies, the fund's future investment direction is mainly in the medical device industry and medical service industry, and it has already invested in several biotechnology and medical device related companies, all of which are industry leaders and have strong growth capabilities.

Note 3: The Group contributed RMB4.00 million and RMB26.00 million on 29 December 2021 and 22 September 2022, respectively.

Note 4: The total share capital of the fund is RMB303,000,000 of which the Group contributed RMB30,000,000.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

Save as disclosed above, as at 31 December 2025, the Group did not have any specific plans for significant investments or capital assets.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group's capital commitment stood at RMB12.02 million (2024: RMB10.41 million); this capital commitment relates to a commitment to invest in a fund, details of which are set out in Notes 17(b) and 38 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the annual results of the Group for the Reporting Period and agreed to the accounting principles and practices adopted by the Group.

DIVIDEND

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Peng (李鵬) ("Mr. Li"), aged 62, is the chairman of the Board (the "**Chairman**"), general manager and executive Director of the Company. He was appointed as a Director on 28 September 2012. He also holds directorships or senior management positions in several members under the Group. Mr. Li obtained his bachelor's degree in Law from Peking University in the PRC in July 1984. Mr. Li has extensive legal knowledge and years of experience in corporate management. Prior to joining the Group, he was a partner of Tian Yuan Law Firm (天元律師事務所). From September 2012 to May 2014, Mr. Li served as a director in China Lihe Company Limited (力合股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000532). From July 2018 to June 2024, Mr. Li served as an independent non-executive director in Shanghai Yaohua Pilkington Glass Group Co., Ltd. (上海耀皮玻璃集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600819).

Mr. Weng Jianxing (翁建興) ("Mr. Weng"), aged 48, is an executive Director and risk management director of the Company. He also holds directorships or senior management positions in several members under the Group. He was appointed as a Director on 9 June 2016. Mr. Weng obtained his bachelor's degree in transportation, master's degree in corporate management and doctor's degree in business administration from Changsha Transportation Institute (長沙交通學院), Changsha University of Science & Technology (長沙理工大學) and Central South University (中南大學) in the PRC in June 2002, June 2005 and November 2011, respectively. Mr. Weng has more than ten years of experience in financial products and risk management. Prior to joining the Group, Mr. Weng was a product manager in Credit Orienwise Group Ltd. (中國中科智擔保集團股份有限公司) and a risk control manager of CIMC Financial Leasing Company Limited (中集融資租賃有限公司).

Ms. Gong Xiaoting (貢曉婷) ("Ms. Gong"), aged 43, is an executive Director, chief financial officer, secretary of the Board and a joint company secretary of the Company. She also holds directorships or senior management positions in various members of the Group. She was appointed as a Director on 12 May 2021. In addition, she is the daughter of Mr. Gong Liang who owns 45% equity interest in Beijing Municipality Dayuan Tiandi Property Development Co., Ltd. (北京市大苑天地房地產開發有限公司) ("**Dayuan Tiandi**"), a substantial Shareholder of the Company. Ms. Gong obtained her bachelor's degree from Ohio State University in June 2005 and her master's degree from University of Illinois Urbana-Champaign in May 2007. Ms. Gong qualified as a certified public accountant under The Illinois Public Accounting Act in the State of Illinois in September 2008. Prior to joining the Group, Ms. Gong served as a senior auditor at KPMG LLP and an investment manager at Ningbo Shanshan Co., Ltd. (寧波杉杉股份有限公司) ("**Shanshan**"), a former substantial Shareholder, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600884).

NON-EXECUTIVE DIRECTORS

Mr. Peng Qilei (彭期磊) ("Mr. Peng"), aged 62, is a non-executive Director and a member of the remuneration committee of the Company. He was appointed as a Director on 12 May 2021. Mr. Peng is currently a senior management of Dayuan Tiandi and its several related companies. Mr. Peng obtained a bachelor of engineering degree in automatic mechanics from Taiyuan Institute of Machinery (太原機械學院) in 1983, and a master of engineering postgraduate degree from the School of Vehicles Engineering of Beijing Institute of Technology (北京理工大學車輛工程學院) in 1994. He has extensive experience in the fields of engineering and management, and served as the general manager at Beijing Longxin Communication Cables Co., Ltd. (北京龍信通信電纜有限公司). Since December 2020, Mr. Peng has been serving as an executive partner of Zhuhai Mingrun Guangju Technology Industry Investment Enterprise (珠海明潤廣居科技產業投資企業).

Ms. Liu Jing (劉敬) ("Ms. Liu"), aged 56, is a non-executive Director of the Company. She was appointed as a Director on 12 May 2021. Ms. Liu currently serves as a senior executive at Dayuan Tiandi and various related companies of Dayuan Tiandi. Ms. Liu obtained her bachelor's degree from Beijing University of Chemical Technology (北京化工大學) in 1991. Ms. Liu has extensive experience in the field of accounting and was as a financial staff at Beijing Haiyu Industrial and Trading Co., Ltd. (北京海玉工貿公司), Beijing Zhongyu Decoration and Renovation Products Co., Ltd. (北京中玉裝飾裝潢製品有限公司) and Ruicheng Hotel (瑞成大酒店).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Shengwen (劉升文) ("Mr. Liu"), aged 49, is an independent non-executive Director, the chairman of the audit committee and the chairman of the remuneration committee of the Company. He was appointed as an independent non-executive Director on 21 April 2017. Mr. Liu qualified as a certified public valuer and an accountant by China Appraisal Society (中國資產評估協會) and The Chinese Institute of Certified Public Accountants of the PRC in May 2000 and February 2000, respectively. Mr. Liu obtained a master's degree in software engineering from Yunnan University (雲南大學) in the PRC in June 2012. Mr. Liu has extensive experience in accounting. He worked at several accounting firms. Mr. Liu was a partner of Da Hua Certified Public Accountants Shenzhen Branch (大華會計師事務所深圳分所), the deputy director of Baker Tilly China Certified Public Accountants Shenzhen Branch and the deputy director of Beijing Tianyuanquan Accounting Firm (北京天圓全會計師事務所) Shenzhen Branch. Mr. Liu served as a partner at Zandar Certified Public Accountants LLP from January 2025 to January 2026.

Mr. Hon Leung (韓亮) ("Mr. Hon"), aged 43, is an independent non-executive Director and a member of each of the audit committee, the nomination committee and the remuneration committee of the Company. He was appointed as an independent non-executive Director on 21 April 2017. Mr. Hon is an independent non-executive director of China Investment and Finance Group Limited (中國投融資集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1226). Mr. Hon qualified as a certified public accountant by the HKICPA in November 2012. Mr. Hon obtained his bachelor's degree in accounting and finance from the University of Hong Kong in November 2007. Mr. Hon has extensive experience in accounting. He served as an audit manager in KPMG and as a financial manager in King & Wood Mallesons. In February 2015, Mr. Hon founded William Hon & Co., an accounting firm, where he has been responsible for general management.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(CONTINUED)*

Mr. Tong Qiang (佟強) ("Mr. Tong"), aged 66, is an independent non-executive Director and a member of each of the audit committee and the chairman of the nomination committee of the Company. He has extensive experience in the fields of the Company Law of the People's Republic of China (the "**PRC**"), the Property Law of the PRC and the Contract Law of the PRC. Since August 1984, he successively served as teaching assistant, lecturer, master tutor and associate professor at Peking University (中國北京大學) Law School in the PRC, primarily responsible for the teaching and research on civil and commercial law of the PRC and he retired in July 2020. He currently served as an arbitrator at Shenzhen Arbitration Commission (深圳仲裁委員會), Dalian Arbitration Commission (大連仲裁委員會) and Qingdao Arbitration Commission (青島仲裁委員會). Mr. Tong obtained a bachelor degree in law from Peking University in July 1984.

SUPERVISORY COMMITTEE

Mr. Zhu Xiaodong (朱曉東) ("Mr. Zhu"), aged 53, was appointed as a Supervisor and elected as the representative of the Shareholders on 11 August 2015, and was subsequently appointed as the chairman of the supervisory committee of the Company (the "**Supervisory Committee**") on 12 May 2021. Since July 2003, he has been the chief financial officer of Dayuan Tiandi, a property developer, where he has been responsible for the financial management of that company. Mr. Zhu obtained a bachelor's degree in law from Tianjin Normal University (天津師範大學) in the PRC in July 2001.

Ms. Li Juan (李娟) ("Ms. Li"), aged 45, was appointed as an employees' representative Supervisor at the employee representatives' meeting of the Company on 31 March 2025. Ms. Li is the Deputy Director of the Finance Department of the Company, currently responsible for financial accounting and management for the Group. Ms. Li obtained a bachelor's degree in Management from Hubei University of Economics in July 2004 and received her Intermediate Accountant certification in 2015. Prior to joining the Group, she worked at Shenzhen Nianfu Industrial Development Co., Ltd. (深圳市年富實業發展有限公司), Shenzhen Yiyaton Supply Chain Co., Ltd. (深圳市怡亞通供應鏈股份有限公司), and Shenzhen Xinlianjia Electronics Co., Ltd. (深圳市新聯佳電子有限公司), where she was responsible for financial accounting and management.

Mr. Sun Luran (孫路然) ("Mr. Sun"), aged 33, was appointed as a Supervisor on 12 May 2021. During the period from 12 April 2016 to 12 May 2021, he was a Director of the Company taking an advisory role in the Board in view of his knowledge in finance, understanding in the capital and financial market and financial risk management, which will assist the Board in evaluating and improving the internal control and risk management systems of the Group. He joined Shenzhen Shanhuitong as a risk control manager in May 2016 and has been involved in risk management related work shortly after his graduation from the University of Huddersfield in the United Kingdom in June 2014 and March 2016, where he received his bachelor's degree in business management and master's degree in finance, respectively.

Mr. Liu Bing (劉兵) ("Mr. Liu"), aged 53, was appointed as an employees' representative Supervisor of the Company on 7 July 2015 and ceased to be a Supervisor on 31 March 2025. Mr. Liu obtained a graduation certificate in audit from Hunan University of Commerce (湖南商學院) in the PRC in June 1995. In addition, he obtained a price appraiser qualification certificate from the Personnel Department of Hunan Province (湖南省人事廳) in the PRC in April 2001. In December 2011, Mr. Liu also became a non-practising member of The Chinese Institute of Certified Public Accountants of the PRC. Prior to joining the Group, Mr. Liu was the deputy office director in Linli Development Reform and Price Bureau (臨澧縣發展改革物價局), the head of the audit department of Shenzhen Shidu Industrial Company Limited (深圳市世都實業有限公司), a risk manager in Shenzhen Zhongkezhi Financing Guarantee Company Limited (深圳市中科智融資擔保有限公司) and the manager of the department of risk management in Shenzhen Wanfeng Weiye Financing Guarantee Company Limited (深圳市萬豐偉業融資擔保有限公司).

Save for the three executive Directors named in this section are members of the senior management of the Company, the Company has no other members of senior management.

Save as disclosed in this annual report, none of the Directors have any other financial, business, family and other material/relevant relationship with each other.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group recognises the vital importance of good corporate governance to its success and sustainability. The Company is committed to achieving a high standard of corporate governance practices as an essential component of high quality and has introduced corporate governance practices appropriate to the operation and growth of its business. The Company has applied the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the GEM Listing Rules.

CULTURE AND VALUES

A healthy corporate culture is critical to the realization of the Group's vision and strategy. The Board is responsible for fostering a corporate culture with the following core principles and ensuring that the Company's vision, values and business strategies are aligned with the corporate culture.

1. Integrity and Code of Conduct

The Group stays committed to maintaining high standards of business ethics and corporate governance in all our activities and operations. Directors, management and employees are required to act in a lawful, ethical and responsible manner and the required standards and codes are clearly set out in the training materials for all new employees and have been incorporated into various policies, such as the Group's Employee Handbook that includes the Group's Code of Conduct therein and the Group's Anti-Corruption Policy and Whistleblowing Policy. The Company conducts training from time to time for the purpose of reinforcing the necessary standards of ethics and integrity.

2. Integrity, Responsibility, Innovation and Dedication

The Group believes that a culture characterized with commitment to employee development, workplace safety and health, diversity and sustainability can create a sense of commitment and dedication to the Group, which lays a solid foundation for a strong and productive workforce that can attract, develop and retain the best talent, and strengthens the innovative thinking and dedication of its employees, thereby enhancing the Company's efficiency. In addition, the Company's strategies in business development and management aim at achieving long-term, stable and sustainable growth, as well as focus on environmental, social and governance to some extent.

During the Reporting Period, in the opinion of the Board, the Company has complied with all code provisions set out in Part 2 of the CG Code, save and except for the deviation from code provision C.2.1.

Under code provision C.2.1, the roles of chairman and chief executive officer should be separate and performed by different individuals. Presently, the Company does not have a position with the title "chief executive officer". The role of general manager of the Company is to carry out the duties of a chief executive officer. Mr. Li Peng is the Chairman and the general manager of the Company. Since Mr. Li Peng has demonstrated suitable management and leadership capabilities along with his thorough understanding of the Group's business since his appointment as a Director and the general manager of the Company in 2012 and 2015, respectively, the Board believes that vesting both the roles of Chairman and general manager of the Company in Mr. Li can facilitate the execution of the Group's business strategies and maximizes the effectiveness of its operations. In addition, as all major decisions are made in consultation with the members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review its structure from time to time to ensure that appropriate action is being taken as and when appropriate.

COMPOSITION AND DUTIES OF THE BOARD

As at 31 December 2025, the Board consisted of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors.

The composition of the Board during the Reporting Period and up to the date of this annual report is as follows:

Executive Directors
Mr. Li Peng (Chairman)
Mr. Weng Jianxing
Ms. Gong Xiaoting

Non-executive Directors
Mr. Peng Qilei
Ms. Liu Jing

Independent Non-executive Directors
Mr. Liu Shengwen
Mr. Hon Leung
Mr. Tong Qiang

The powers and duties of the Board include but are not limited to convening general meetings, reporting the Board's work at general meetings, implementing the resolutions passed at general meetings, determining the Group's business and investment plans, formulating its annual financial budgets and final reports, formulating proposals for profit distributions and for the increase or reduction of the Company's registered capital as well as exercising other powers, functions and duties as conferred by the articles of association of the Company (the "**Article of Association**").

JOINT COMPANY SECRETARIES

During the Reporting Period, Ms. Gong Xiaoting and Mr. Wong Wai Chiu were the joint company secretaries of the Company. Ms. Gong Xiaoting is the executive Director, chief financial officer of the Company and secretary of the Board. Mr. Wong Wai Chiu is an associate director of SWCS Corporate Services Group (Hong Kong) Limited and assists Ms. Gong Xiaoting in company secretarial affairs. Mr. Wong Wai Chiu is a fellow of The Hong Kong Chartered Governance Institute, a fellow of The Chartered Governance Institute in the United Kingdom, a member of CPA Australia, a member of the Hong Kong Trustee Association and a Certified Trust Practitioner. Mr. Wong Wai Chiu's primary company contact person is Ms. Gong Xiaoting.

During the Reporting Period, both Ms. Gong Xiaoting and Mr. Wong Wai Chiu attended not less than 15 hours of relevant professional training.

BOARD COMMITTEES

The Company established three Board committees (the "**Board Committees**"), namely the Audit Committee, the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") on 25 April 2017. The terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are published on the websites of the Company and the Stock Exchange.

BOARD COMMITTEES *(CONTINUED)*

Audit Committee

The Audit Committee consists of three independent non-executive Directors, being Mr. Liu Shengwen, Mr. Hon Leung and Mr. Tong Qiang. The Audit Committee is chaired by Mr. Liu Shengwen, who is the independent non-executive Director with the appropriate professional qualifications. The primary duties of the Audit Committee include (but are not limited to) assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, overseeing the audit process, developing and reviewing the Company's policies, performing duties in relation to corporate governance function under code provision A.2.1 of the CG Code and performing other duties and responsibilities as assigned by the Board.

During the Reporting Period, the Audit Committee held four meetings to (i) review the interim financial results announcement and report of the Company for the six months ended 30 June 2025; (ii) review the annual financial results announcement and report of the Company for the year ended 31 December 2024 as well as significant issues on the financial reporting and compliance procedures; (iii) internal control and risk management systems, and the effectiveness of the Company's internal audit function; and (iv) to review the discloseable and connected transactions in relation to the factoring agreement entered between the Company and Beijing City Longding Huayuan Property Development Co. Ltd. (北京市龍鼎華源房地產開發有限責任公司) ("**Longding Huayuan**").

Nomination Committee

The Nomination Committee consists of one executive Director, being Ms. Gong Xiaoting and two independent non-executive Directors, being Mr. Hon Leung and Mr. Tong Qiang. The Nomination Committee is chaired by Mr. Tong Qiang. The primary function of the Nomination Committee include (but are not limited to): (i) to assess and recommend to the Board suitable persons for appointment as Directors, Board Committee members, chief executive and senior management positions; (ii) in the case of persons for appointment as independent non-executive Director, to assess whether the person meets the criteria of independent non-executive Director as may be defined in the GEM Listing Rules, and also to perform the annual assessment; (iii) to recommend to the Board the succession planning for Directors, in particular the Chairman, chief executive and senior management; and (iv) to ensure that all Directors receive appropriate continuous training programmes.

The Company has adopted a nomination policy for the appointment of Board members, which had taken into account the following selection criteria:

- integrity;
- the diversity of the Board in various aspects, including but not limited to gender, age, cultural, educational and professional background, ethnicity, professional experience, skill, knowledge and length of service;
- time available, interests in other parties and concerns about the Company's business;
- accomplishment, experience and reputation in relation to the business of the Company and other relevant industries;
- independence;
- potential contributions to the Board; and
- any other relevant factors determined by the committee or the Board from time to time.

BOARD COMMITTEES *(CONTINUED)*

Nomination Committee (continued)

The Nomination Committee shall make recommendations to the Board on the appointment of Directors in accordance with the following procedures and processes:

(a) to prepare a list of selection criteria based on the above criteria to identify appropriate candidates, taking into account the existing composition and size of the Board;

(b) with reference to any sources it considers appropriate when identifying or selecting an appropriate candidate, such as recommendation of current Directors, recommendation of headhunting companies and recommendation of the Shareholders;

(c) to review with individual candidates and perform background checks;

(d) after considering the suitability of a particular candidate for the position of Director, the Nomination Committee will make recommendations to the Board on the appointment by convening a meeting and/or through a written resolution, as it may consider appropriate;

(e) to arrange an interview the selected candidates and members of the Board, if necessary;

(f) to provide information about the selected candidates to the Remuneration Committee for considering the remuneration package of such selected candidate;

(g) to recommend the Board to appoint the selected candidates as Director and the Remuneration Committee will submit the proposed remuneration package of the selected candidates to the Board; and

(h) the Board will subsequently discuss and make decisions on the appointment.

During the Reporting Period, the Nomination Committee held one meeting to (i) review the structure, size and composition of the Board; (ii) assess the independence of the independent non-executive Directors to determine their eligibility; (iii) review the diversity policy of the Board; and (iv) review the nomination policy.

Remuneration Committee

The Remuneration Committee consists of one non-executive Director, being Mr. Peng Qilei and two independent non-executive Directors, being Mr. Liu Shengwen and Mr. Hon Leung. The Remuneration Committee is chaired by Mr. Liu Shengwen. The primary duties of the Remuneration Committee include (but are not limited to): (i) to review annually and recommend to the Board the remuneration policy and structure for the Directors, chief executive and senior management; (ii) to oversee the performance evaluation of the executive Directors, chief executive and senior management and recommend to the Board their remuneration packages, promotions, specific adjustments in remuneration and/ or reward payments, if any; (iii) to make recommendations to the Board on the remuneration of non-executive Directors and to ensure that the level of remuneration for non-executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board; (iv) to review the terms and conditions of service of the executive Directors, chief executive and senior management including their total remuneration package for market competitiveness; and recommend changes to the Board whenever necessary; and (v) to ensure that no Director or any of his/ her associates is involved in deciding his/her own remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

BOARD COMMITTEES *(CONTINUED)*

Remuneration Committee (continued)

During the Reporting Period, the Remuneration Committee held one meeting to review the remuneration package of the Directors (including non-executive Directors) and senior management and the remuneration policy of the Company.

REMUNERATION POLICY

The primary goal of the Group's remuneration policy for executive Directors is to enable the Company to reflect their individual performance by a reasonable remuneration package. The remuneration package includes basic salary, performance and other benefits. Remuneration of the independent non-executive Directors mainly includes the director's fee which is a matter for the Board to decide by reference to the duties and responsibilities of the independent non-executive Directors and their experience.

The Group provides employees and Directors with fair and equitable remuneration and benefits based on individual performance, experience and market benchmarks. The Group have formulated a set of employee performance appraisal mechanisms and makes appropriate salary adjustments every year according to employee performance to reduce the loss of talent.

During the Reporting Period, the Group has no share incentive schemes.

ATTENDANCE RECORD OF DIRECTORS AND BOARD COMMITTEE MEMBERS

The attendance record of each Director at the Board meetings, Board Committees meetings and general meetings of the Company held during the Reporting Period is set out in the table below:

	Number of meeting attended/number of meeting held during the tenure of office				
Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee	General Meeting
Mr. Li Peng	6/6	–	1/1	–	2/2
Mr. Weng Jianxing	6/6	–	–	–	2/2
Ms. Gong Xiaoting	6/6	–	N/A	–	2/2
Mr. Peng Qilei	6/6	–	–	1/1	2/2
Ms. Liu Jing	6/6	–	–	–	2/2
Mr. Hon Leung	6/6	3/4	1/1	1/1	2/2
Mr. Liu Shengwen	6/6	4/4	–	1/1	2/2
Mr. Tong Qiang	5/6	4/4	1/1	–	2/2

Notes:

1. Mr. Tong Qiang was re-designated as the chairman of the Nomination Committee on 24 June 2025.

2. Ms. Gong Xiaoting was appointed as a member of the Nomination Committee on 24 June 2025. The reason for non-attendance of Ms. Gong Xiaoting is that no relevant committee meetings were convened by the Company during the period of service as a member of the Nomination Committee.

3. Mr. Li Peng ceased to act as the chairman of the Nomination Committee on 24 June 2025.

CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the Reporting Period, each Director participated in continuous professional development to develop and refresh his/her knowledge and skills, details of which are summarised as follows:

Name of Director	Reading materials regarding updates of new rules and regulations
Mr. Li Peng	√
Mr. Weng Jianxing	√
Ms. Gong Xiaoting	√
Mr. Peng Qilei	√
Ms. Liu Jing	√
Mr. Hon Leung	√
Mr. Liu Shengwen	√
Mr. Tong Qiang	√

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct for securities transactions by the Directors and supervisors (the"**Supervisors**") of the Company (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made to all the Directors and the Supervisors, and all the Directors and the Supervisors have confirmed that they have complied with the Code of Conduct throughout the Reporting Period.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Group at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledged its responsibility of preparing the financial statements for the Reporting Period of the Company.

The Board is responsible for the clear and fair assessment for the interim and annual reports and other disclosures according to the GEM Listing Rules and other regulatory requirements. The senior management has provided the Board with all necessary explanations and information for the Board to make an implementation assessment of the Company's financial data and position and for the Board's consideration and approval.

AUDITOR'S REMUNERATION

The remuneration paid to the Company's external auditors by the Company in respect of audit services and non-audit services for the Reporting Period is set out as follows:

Type of services	**Amount of fees (RMB'000)**
Audit services	730.00
Non-audit services*	105.51
Total	**835.51**

* *Non-audit services include interim agreed-upon procedures performed during the period ended 30 June 2025.*

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

INFORMATION DISCLOSURE

Regarding the disclosure of inside information and internal control measures, the Company understands its duties under the GEM Listing Rules and the Securities and Futures Ordinance (the "**SFO**"), and adheres to the important principle of timely publication of inside information. The Company abides by the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong (the "**SFC**"), and has developed a complete system of internal procedures and information disclosure policy for processing and publication of information in order to ensure the timely, accurate and appropriate disclosure of relevant information to the public and regulatory authorities. The Company is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the GEM Listing Rules. The Company conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the SFC. The Company also included in its information disclosure policies a strict prohibition on the unauthorised use of confidential or inside information. The Board will determine further escalation and appropriate handling the dissemination of inside information.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy to have a well diversified Board by considering a number of factors, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

As at 31 December 2025, the Board comprises eight Directors, covering different genders and has a broad age distribution and a diverse mix of age, background, knowledge and skills. As at 31 December 2025, the Board had 2 female members out of the total 8 Board members, accounting for one-fourth of the Board. The Board targets to maintain at least two female representation at all times and will consider appointing more female Directors in the future if there are more suitable candidates. The Nomination Committee considers that, appropriate balance has been struck among the Board members in terms of gender, skills, experience and perspectives. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female senior management and potential successors to the Board in the future.

	Age		Gender		Education Background			
Name of Directors	30-45	46-65	Male	Female	Legal	Accounting/ Finance/ Economic	Management	Others
Li Peng		√	√		√			
Weng Jianxing		√	√				√	
Gong Xiaoting	√			√		√		
Peng Qilei		√	√				√	
Liu Jing		√		√		√		
Liu Shengwen		√	√			√		√
Hon Leung	√		√			√		
Tong Qiang		√	√		√			

The gender ratio in the workforce and any plans or measurable objectives of the Company has been disclosed in "Environmental, Social and Governance Report" in this annual report.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Directors make decisions objectively having considered the interests of the Company and the Shareholders. The Board has delegated to the general manager of the Company, and through him, to the senior management of the Company the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. Further details of these committees are set out in the section headed "Board Committees" in this annual report.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT *(CONTINUED)*

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

All the Directors, including the non-executive Directors and the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professional skill to the Board for its efficient and effective functioning.

In compliance with code provision B.1.4 of the CG Code, the Board has adopted a Board Independence Evaluation Mechanism, which includes various measures to ensure independent views and input are available to the Board.

The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement. Each independent non-executive Director is required to provide an annual confirmation of his/her independence to the Company and the Nomination Committee is responsible to assess the independence of each independent non-executive Director at least annually.

All the Directors, including the independent non-executive Directors, are given equal opportunities and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Chairman will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no material interest in the matter should attend the relevant Board meeting.

The Board has reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and considered that, during the Reporting Period, it is effective in ensuring that independent views and input are available to the Board.

All the Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interest of the Company and the Shareholders at all times. The CG Code requires the Directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer. The Directors have agreed to disclose their commitments to the Company in a timely manner and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Company has arranged appropriate liability insurance coverage for the Directors in relation to legal proceedings against the Directors.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance functions. During the Reporting Period, the Board has discharged the following corporate governance duties:

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of the Directors and the senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct applicable to employees and the Directors; and

– to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the annual report of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Reporting Period, the Group is committed to maintaining comprehensive risk management and internal control systems that enhance the Company's overall strategy and promote the Company's risk control capabilities while addressing various risks, including credit risks, liquidity risks, interest risks, operational risks and legal compliance risks. During the Reporting Period, the Group has implemented a comprehensive and effective risk management system with stringent procedures and measures in place, including multi-level assessments and approval processes.

The Company has set up an internal audit department to analyze and evaluate the Company's risk management and internal control systems. The results of internal audits and reviews will be reported to the Audit Committee and the Board. Within the scope of review on internal control, no significant control defects have been found. The review results have been reported to the Audit Committee and the Board.

The Board oversees and manages the overall risks associated with our operations and reviews the effectiveness of the risk management and internal control systems at least annually. During the Reporting Period, the Board has reviewed the effectiveness of risk management and internal control systems of the Group and considered such were effective and adequate in all material aspects in both design and operations. The Board oversees the risk management and internal control systems of the Group on an ongoing basis. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide only reasonable but not absolute assurance against material misstatement or loss.

The Company has developed and adopted different risk management procedures and guidelines with a clear division of power and responsibility. The Company would conduct self-assessment each year to confirm that all departments and the Company have properly complied with the risk management and internal control policy.

During the Reporting Period, all departments conducted regular internal control evaluation to identify risks with potential impact on the Group's business and other aspects including major operational and financial procedures, regulatory compliance and information security. The risk assessment results and the proposed internal control measures have been submitted to the senior management and the general manager of the Company for review and approval. The senior management and the general manager of the Company are also responsible for supervising the effectiveness of implementation and future execution of the risk control measurement.

WHISTLEBLOWING POLICY

The Board has adopted a whistleblowing policy (the "**Whistleblowing Policy**") which: (i) fosters a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promotes the importance of ethical behaviour and encourages the reporting of misconduct, unlawful and unethical behavior. The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee or the company secretaries. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2025 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

In order to promote effective communication, the Company maintains a website at "www.fyleasing.com", where extensive information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 1603, Cheung Kei Building, No. 128 Xinzhou 11th Street, Futian District, Shenzhen, Guangdong
The PRC

Email: jgzx@fyleasing.com

Enquiries are dealt with in an informative and timely manner.

The Board welcomes views of the Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by the Shareholders.

The Board has reviewed the Shareholders' communication policy. Having considered the aforementioned policy enabling the Shareholders to access to the Group's information and to raise concerns and views directly with the Company, the Board considered that the Company's communication policy was effective during the Reporting Period.

Shareholders' Rights to Propose Resolutions

According to Article 71 of the Articles of Association, when the Company convenes a general meeting, the Board, the Supervisory Committee, or the Shareholders individually or jointly holding more than 3% of the total number of shares of the Company shall have the right to propose resolutions. Shareholders individually or jointly holdings 3% or more of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two days upon receipt of the proposals and announce the contents of the ad hoc proposals. If the ad hoc proposal does not comply with Article 59 of the Articles of Association according to the view of the convener after his/her reviewing and the convener decides not to include this ad hoc proposal into the agenda, the convener shall issue a notice for not including this ad hoc proposal into the agenda within 2 days and specify the reasons; and at the same time, the convener shall make explanation at this general meeting, and make announcement on the content of ad hoc proposal and the explanation of the convener and as well as the resolutions of general meeting after general meeting.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS *(CONTINUED)*

Shareholders' Rights to Propose Resolutions (Continued)

Except for circumstances provided in the above paragraph, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

If a notice of general meeting does not specify the proposed resolutions or does not comply with Article 59 of the Articles of Association, no voting for resolutions shall be carried out at the general meeting.

Shareholders' Right to Requisite a Meeting

Shareholders requesting an extraordinary general meeting or the Shareholders class meeting shall abide by the following procedures:

(a) Shareholders individually or jointly holding more than 10% of shares of the Company are entitled to request the Board in writing to convene an extraordinary general meeting. The Board shall, in accordance with the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

(b) If the Board agrees to convene the extraordinary general meeting, it shall issue a notice of convening the extraordinary general meeting within five days after the date of the resolution of the Board. Any changes made to the original proposal in the notice shall be agreed by the relevant Shareholders. If the Board disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the proposal, Shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to request the Supervisory Committee in writing to convene an extraordinary general meeting.

(c) If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening the extraordinary general meeting within five days upon receipt of the proposal. Any changes made to the original proposals in the notice shall be agreed by the relevant Shareholders. If the Supervisory Committee does not issue the notice of general meeting within the prescribed period, it shall be deemed as the Supervisory Committee not convening and not holding the extraordinary general meeting. Then the Shareholders individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days are entitled to convene and hold the meeting themselves.

POLICY ON PAYMENT OF DIVIDENDS

The Company has adopted a dividend policy to provide the Board with a guidance to the Board on whether to declare and distribute dividends. In order to keep sufficient reserves for the future development of the Company, the Board will appraise its dividend policy based on the operations and earnings, cash flow, financial position, capital and other reserve requirements and surplus, contractual restrictions and its overall financial conditions and any other conditions or factors that the Board considers relevant, so as to determine or recommend dividends for any financial year and also the number, amount and form of dividends paid. Any final dividend for a financial year will be subject to the Shareholders' approval.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There was no amendment to the Article of Association during the Reporting Period.

REPORT OF THE DIRECTORS

The Board is pleased to present the report of the Directors for the Reporting Period to the Shareholders.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of financial leasing, factoring and advisory services, customer referral services, the supply of medical equipment and energy storage business in the PRC.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregated sales of the Group to the top five customers accounted for 58.69% (2024: 52.21%) of the total income of the Group, and the sales of the Group to the largest customer accounted for 33.58% (2024: 29.16%).

During the Reporting Period, the aggregated purchases of the Group from the top five suppliers accounted for 47.54% (2024: 84.17%) of the total purchases of the Group, and the purchases of the Group from the largest supplier accounted for 22.12% (2024: 37.18%).

During the Reporting Period, none of the Directors, their respective close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in any of the top five customers or suppliers of the Group.

MAJOR SUBSIDIARIES

Particulars of major subsidiaries of the Company are set out in note 34 to the consolidated financial statements.

FINANCIAL HIGHLIGHTS

The annual results highlights of the Group for the Reporting Period and the last five financial years are set out on page 4 of this annual report.

FINANCIAL STATEMENTS

The results of the Group for the Reporting Period as at that date are set out in the consolidated financial statements on pages 66 to 156 of this annual report.

BUSINESS REVIEW AND PERFORMANCE

A review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are provided in the Chairman's Statement on page 5 of this annual report. A discussion on the key financial performance indicators of the Group for the Reporting Period is provided in the section headed "Management Discussion and Analysis" on pages 6 to 17 of this annual report. The review and discussion therein form part of this Report of the Directors.

RESERVES

Details of movements in reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity in this annual report and details of reserves distributable to the Shareholders are set out in note 35 to the consolidated financial statements. The Company's reserves available for distribution as at 31 December 2025 was RMB31.47 million.

PROPERTIES, PLANT AND EQUIPMENT

Details of movements in properties, plant and equipment of the Group for the Reporting Period are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

The H Shares were successfully listed on GEM of the Stock Exchange on 23 May 2017 (the "**Listing Date**"). The Company issued an aggregate of 89,840,000 H Shares by way of public offering. From the Listing Date to the date of this annual report, there was no change in the share capital of the Company.

DIVIDEND

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

As at the date of this annual report, there is no arrangement that a Shareholder has waived or agreed to waive any dividends.

TAX RELIEF

The Directors are not aware of tax relief and exemption available to the Shareholders by reason of their holding in the Company's listed securities.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed public float threshold of 25% of the total number of issued Shares (excluding treasury shares) during the Reporting Period and up to the date of this annual report.

CONTRACTS OF SIGNIFICANCE

During the Reporting Period, there were no contracts of significance (i) in relation to the Group's business between the Company or any of its subsidiaries and a controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries; or (ii) for provision of services to the Group by a controlling Shareholder or any or its subsidiaries.

CONNECTED TRANSACTION

Discloseable and Connected Transaction with Longding Huayuan

On 11 July 2025, the Company entered into the Factoring Agreement with Longding Huayuan, pursuant to which the Company has agreed to provide accounts receivable factoring service for Longding Huayuan with a factoring principal amount of up to RMB22,900,000 in exchange for (i) factoring interest income; and (ii) the assignment by Longding Huayuan to the Company of the legal title to accounts receivable arising in the ordinary and usual course of business between Longding Huayuan and its customers (being the debtor(s) of Longding Huayuan), for a term of two years commencing 31 August 2025.

As Longding Huayuan is a non-wholly owned subsidiary of Dayuan Tiandi, a substantial shareholder of the Company, it is therefore a connected person of the Company.

For details of the transaction, please refer to the announcement of the Company dated 11 July 2025 and the circular of the Company dated 15 August 2025.

DIRECTORS

The composition of the Board during the Reporting Period and up to the date of this annual report is as follows:

Executive Directors
Mr. Li Peng (Chairman)
Mr. Weng Jianxing
Ms. Gong Xiaoting

Non-executive Directors
Mr. Peng Qilei
Ms. Liu Jing

Independent Non-executive Directors
Mr. Liu Shengwen
Mr. Hon Leung
Mr. Tong Qiang

According to Article 117 of the Articles of Association, all the Directors shall be elected by the general meeting for a term of 3 years and are eligible for re-election upon expiry of their terms. Each of the Directors (including the non-executive Directors and the independent non-executive Directors) was either appointed or re-elected at the Company's annual general meeting held on 17 May 2024 or appointed at general meeting to the expiration of the term of the fourth session of the Board Committee (as the case may be).

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, the Supervisors and the senior management of the Group are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" in this annual report.

CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

There is no change in the Directors' and Supervisors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and the Supervisors has entered into a service contract with the Company for a term of 3 years (for those appointed or re-elected at the Company's annual general meeting held on 17 May 2024) or for a term commencing from the date of the general meeting at which his/her appointment was approved to the expiration of the term of the fourth session of the Board/Supervisory committee (as the case may be). Except for Mr. Liu Bing who ceased to be a Supervisor on 31 March 2025, there had been no change to the Directors and the Supervisors committee during the Reporting Period and up to the time of the publication of this report. Ms. Li Juan was appointed as the staff representative on 31 March 2025 and entered into a service contract with the Company on 31 March 2025 for a term from 31 March 2025 to the expiry of fourth session of the Supervisory committee, details of which were set out in the Company's announcement dated 31 March 2025.

The Company has not entered into/executed any service contract/letter of appointment with any Director or Supervisor which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

None of the Directors, the Supervisors or their respective associated entities had a material interests, directly or indirectly, in any transactions, arrangements or contracts of significance (except service contracts) concerning the business of the Group subsisted as at 31 December 2025 or entered into with the Company or any of its controlling companies or subsidiaries during the Reporting Period.

During the Reporting Period, there was no subsisting arrangement to which the Group is a party and whose objects are to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors and the management of the Group is currently in force and was in force throughout the Reporting Period. Throughout the Reporting Period, the Company has maintained appropriate directors and management liability insurance cover providing indemnity against liabilities, including liabilities in respect of legal actions against the Directors and the management of the Group arising from or incidental to the execution of duties of his/her offices.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed, during the Reporting Period.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

During the Reporting Period, details of the remuneration of the Directors, the Supervisors and the five highest paid individuals of the Company are set out in note 14 to the consolidated financial statements.

Emoluments paid or payable to members of the senior management of the Company were within the following band:

	2025 Number of individual(s)	2024 Number of individual(s)
Nil to HK$1,000,000	–	2

No Director, Supervisor or senior management had waived or had agreed to waive any emoluments during the Reporting Period.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors and Supervisors had any interest in any business which was in competition or was likely to compete, directly or indirectly with the business of the Group which would be required to be disclosed under the GEM Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the Reporting Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. There are no treasury Shares held by the Company (whether held directly or deposited in the Central Clearing and Settlement System or otherwise) as at 31 December 2025 and up to the date of this annual report.

BANK BORROWINGS AND THE MATURITY PROFILE OF BORROWINGS

During the Reporting Period, the carrying amount of the bank borrowing repayable within one year was RMB9.90 million and such bank borrowings bears a fixed interest rate of 2.95% per annum.

MAJOR RISKS AND UNCERTAINTIES

The Group is exposed to various risks in its ordinary course of business, including credit risk, liquidity risk, interest risk, operational risk and legal and compliance risk. The Group carries out risk management with the support for sustainable development of the business and enhancement of the Group's value as the strategic objectives, and has established and continually improved a comprehensive risk management system.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group persists in maintaining good corporate governance and operating in compliance with the laws and integrity through abidance by relevant laws and regulations, industry regulations and business ethics. For the Reporting Period and up to the date of this annual report, the Company has not been a party to any material legal, arbitral or administrative proceedings, and the Company was not aware of any pending or threatened legal, arbitral or administrative proceedings against the Company or any of the Directors which could have a material adverse effect on the Group's operations or financial condition.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, to the best of the information, knowledge and belief of the Directors after making all reasonable enquiries, the Company was not involved in any legal litigation or arbitration of material importance in which it served as a defendant.

CONTINGENT LIABILITIES

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

SOCIAL RESPONSIBILITIES AND SERVICES AND ENVIRONMENTAL POLICY

No hazardous waste was produced by the Group in its course of business for the Reporting Period. The Group complies with the relevant laws and regulations in environmental protection and impact on the environment has always been a major focus of the Group.

The Group is committed to the long-term sustainability of its businesses and the communities with which it engages. The Group pursues this business approach by managing the business prudently and executing management decisions with due care and attention.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in note 36 to the consolidated financial statements. Save as disclosed under the section headed "Connected Transaction" in this annual report, certain related party transactions also constituted connected transactions under Chapter 20 of the GEM Listing Rules (including connected transactions that are exempt under Chapter 20 of the GEM Listing Rules). Where such transactions constituted connected transactions or continuing connected transactions not exempted under Chapter 20 of the GEM Listing Rules, the Company has complied with the requirements of Chapter 20 of the GEM Listing Rules regarding reporting, announcements, approval by independent shareholders and annual review. During the Reporting Period, the Company has complied with all disclosure requirements set out in Chapter 20 of the GEM Listing Rules.

DONATION

No charitable and other donations were made by the Group during the Reporting Period (2024: Nil).

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Details of the Group's relationship with its employees, customers and suppliers are set out in the "Environmental, Social and Governance Report" in this annual report.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing Shareholders in proportion to their shareholdings.

PENSION SCHEME

According to applicable PRC laws and regulations, the Company has made contributions to the social security fund for its employees based on a certain percentage of salaries standard. The Company makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Company has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred, as at 31 December 2025, no forfeited contributions were available to reduce the existing level of contributions payable by the Group.

EVENTS AFTER THE REPORTING PERIOD

From 31 December 2025 to the date of this annual report, no significant events have occurred.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by SHINEWING (HK) CPA Limited ("**SHINEWING**").

Due to the Company not being able to reach a consensus with BDO Limited ("**BDO**") on the audit fee for the financial year ended 31 December 2023, the Board has resolved to cease to renew the engagement of BDO as the Company's auditor. With the recommendation from the Audit Committee, the Board has proposed the appointment of SHINEWING as the new auditor of the Company following the retirement of BDO.

SHINEWING has been appointed as the auditor of the Company since 20 June 2023.

The financial statements have been audited by SHINEWING who will retire and, being eligible, offers itself for re-appointment at the forthcoming annual general meeting of the Company.

DISCLOSURE OF INTEREST

Interests and short positions held by substantial Shareholders and other persons in the shares and underlying shares of the Company

As at 31 December 2025, to the best knowledge of the Directors, the following persons or corporations (other than the Directors, Supervisors or chief executives of the Company) had the following interests or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

DISCLOSURE OF INTEREST *(CONTINUED)*

Interests and short positions held by substantial Shareholders and other persons in the shares and underlying shares of the Company (Continued)

Name of Shareholder	Class of shares	Nature of interest	Number of shares interested in the relevant class of shares of the Company [(1)]	Percentage (approximate)	Number of shares interested in the total share capital of the Company [(1)]	Percentage (approximate)
Beijing Municipality Dayuan Tiandi Property Development Co., Ltd. * (北京市大苑天地房地產開發有限公司) ("**Dayuan Tiandi**") [(2)]	Domestic shares	Beneficial owner	80,000,000 (L)	66.67%	80,000,000 (L)	22.26%
Mr. Zhao Dehua ("**Mr. Zhao**") [(2)]	Domestic shares	Interest of a controlled corporation	80,000,000 (L)	66.67%	80,000,000 (L)	22.26%
Mr. Gong Liang ("**Mr. Gong**") [(2)]	Domestic shares	Interest of a controlled corporation	80,000,000 (L)	66.67%	80,000,000 (L)	22.26%
Shenzhen Zhonglian Financial Holding Investment Development Co., Ltd.* （深圳眾聯金控投資發展有限公司） ("**Shenzhen Zhonglian**") [(3)]	Unlisted foreign shares	Beneficial owner	70,445,200 (L)	47.12%	70,445,200 (L)	19.60%
	Domestic shares	Beneficial owner	5,000,000 (L)	4.17%	5,000,000 (L)	1.39%
Hainan Mujing Chengyuan Technology Partnership (Limited Partnership)* （海南木景誠苑科技合夥企業（有限合夥）） ("**Mujing Chengyuan**") [(3)]	Unlisted foreign shares	Interest of a controlled corporation	70,445,200 (L)	47.12%	70,445,200 (L)	19.60%
	Domestic shares	Interest of a controlled corporation	5,000,000 (L)	4.17%	5,000,000 (L)	1.39%
Mr. Gong Changjiu [(3)]	Unlisted foreign shares	Interest of a controlled corporation	70,445,200 (L)	47.12%	70,445,200 (L)	19.60%
	Domestic shares	Interest of a controlled corporation	5,000,000 (L)	4.17%	5,000,000 (L)	1.39%
Mr. Xu Dongsheng ("**Mr. Xu**") [(3)]	Unlisted foreign shares	Interest of a controlled corporation	70,445,200 (L)	47.12%	70,445,200 (L)	19.60%
	Domestic shares	Interest of a controlled corporation	5,000,000 (L)	4.17%	5,000,000 (L)	1.39%

DISCLOSURE OF INTEREST *(CONTINUED)*

Interests and short positions held by substantial Shareholders and other persons in the shares and underlying shares of the Company (Continued)

Name of Shareholder	Class of shares	Nature of interest	Number of shares interested in the relevant class of shares of the Company (1)	Percentage (approximate)	Number of shares interested in the total share capital of the Company (1)	Percentage (approximate)
Beijing Youke Yu Technology Development Co., Ltd.* (北京優科玉科技發展有限公司) ("**Youke Yu**") (4)	Unlisted foreign shares	Beneficial owner	46,714,200 (L)	31.25%	46,714,200 (L)	13.00%
Beijing Xinmao Licheng Trading Co., Ltd.* (北京鑫茂立成商貿有限公司) ("**Xinmao Licheng**") (4)	Unlisted foreign shares	Interest of a controlled corporation	46,714,200 (L)	31.25%	46,714,200 (L)	13.00%
Mr. Guo Lidong ("**Mr. Guo**") (4)	Unlisted foreign shares	Interest of a controlled corporation	46,714,200 (L)	31.25%	46,714,200 (L)	13.00%
Mr. Yan Wenge ("**Mr. Yan**") (4)	Unlisted foreign shares	Interest of a controlled corporation	46,714,200 (L)	31.25%	46,714,200 (L)	13.00%
Beijing Hengsheng Rongcheng Trading Co., Ltd.* (北京恒盛融誠商貿有限公司) (5)	Unlisted foreign shares	Beneficial owner	32,340,600 (L)	21.63%	32,340,600 (L)	9.00%
Ms. Wu Yue (5)	Unlisted foreign shares	Interest of a controlled corporation	32,340,600 (L)	21.63%	32,340,600 (L)	9.00%
KKC Capital Limited	H shares	Investment manager	9,408,000 (L)	10.47%	9,408,000 (L)	2.62%
KKC Capital SPC – KKC Capital High Growth Fund Segregated Portfolio	H shares	Beneficial owner	9,408,000 (L)	10.47%	9,408,000 (L)	2.62%
A Plus Capital Management Limited	H shares	Investment manager	9,318,000 (L)	10.37%	9,318,000 (L)	2.59%
Tiger Capital Fund SPC – Tiger Global SP	H shares	Beneficial owner	9,318,000 (L)	10.37%	9,318,000 (L)	2.59%

Notes:

(1) *The letter "L" denotes the person's long position in the shares. As at 31 December 2025, the Company issued a total of 359,340,000 shares, including 120,000,000 domestic shares, 89,840,000 H shares and 149,500,000 unlisted foreign shares.*

(2) *Dayuan Tiandi is owned as to 55% by Mr. Zhao and 45% by Mr. Gong. By virtue of the SFO, Mr. Zhao and Mr. Gong are deemed to be interested in the shares held by Dayuan Tiandi.*

(3) *Shenzhen Zhonglian is owned as to 90% by Mujing Chengyuan and 10% by Mr. Gong Changjiu. Mujing Chengyuan is in turn owned as to 51% by Mr. Gong Changjiu and 49% by Mr. Xu. By virtue of the SFO, Mr. Gong Changjiu and Mr. Xu are deemed to be interested in the shares held by Shenzhen Zhonglian. As informed by Shenzhen Zhonglian, its name has been changed to Shenzhen Zhonglian Jinxin Commercial Service Co., Ltd.* (深圳眾聯金信商務服務有限公司).*

(4) *Youke Yu is owned as to 20% by Mr. Guo and 80% by Xinmao Licheng. Xinmao Licheng is in turn owned as to 50% by Mr. Guo and 50% by Mr. Yan. By virtue of the SFO, Xinmao Licheng, Mr. Guo and Mr. Yan are deemed to be interested in the shares held by Youke Yu.*

(5) *Beijing Hengsheng Rongcheng Trading Co., Ltd. is wholly owned by Ms. Wu Yue. By virtue of the SFO, Ms. Wu Yue is deemed to be interested in the shares held by Beijing Hengsheng Rongcheng Trading Co., Ltd..*

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other person or corporation which had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE OF INTEREST *(CONTINUED)*

Interests and short positions held by Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2025, none of the Directors, Supervisors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or its associated corporation 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 required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

By Order of the Board
FY Financial (Shenzhen) Co., Ltd.
Li Peng
Chairman

Shenzhen, the PRC, 31 March 2026

REPORT OF THE SUPERVISORY COMMITTEE

In 2025, the Supervisory Committee executed its supervising function earnestly, safeguarded the rights and interests of the Shareholders and the Company and carried out its work in a diligent and proactive manner pursuant to the provisions of the Company Law of the PRC, the Articles of Association, the rules of procedures of the Supervisory Committee and the GEM Listing Rules.

The Supervisory Committee comprises three members, namely Mr. Zhu Xiaodong. Ms. Li Juan and Mr. Sun Luran. The chairman of the Supervisory Committee is Mr. Zhu Xiaodong.

I. MEETINGS OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee held two meetings in total. Such meetings were held in compliance with the requirements of relevant regulations and the Articles of Association and with proper service of notice and presence of quorum. Major matters considered and reviewed by the Supervisory Committee include:

- Review of the annual report of 2024, and the interim report for 2025.
- Review of the financial budget plan for 2024, the resolution on profit and dividend distribution plan for 2024 and the financial budget proposal for 2025.
- Considering and approving the work report of the Supervisory Committee for 2024.

During the Reporting Period, members of the Supervisory Committee attended and observed all general meetings and Board meetings in accordance with laws and monitored the matters considered at the Board meetings and general meetings and the compliance with laws and regulations of procedures. During the Reporting Period, there was no incident where the Supervisors made representations to the Directors or sued the Directors on behalf of the Company.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS

1. Financial report

The 2025 financial report of the Company prepared under the Hong Kong Financial Reporting Standards has been audited by SHINEWING and SHINEWING has issued an unqualified audit report. The financial report fairly and truly reflects the Company's financial position as at 31 December 2025 and the financial performance and cash flow in 2025.

2. Connected Transactions

The Supervisory Committee reviewed the connected transactions between the Company and its connected persons during the Reporting Period and considered that the related party transactions were in compliance with relevant requirements of the Stock Exchange and applicable laws and the considerations for the connected transactions were reasonable, open and fair and no matters that were detrimental to the interests of the Company or its Shareholders as a whole were identified.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS *(CONTINUED)*

3. Internal control

During the Reporting Period, the Company continued to strengthen and improve the construction of its internal control system. The comprehensiveness and effectiveness of the Company's internal control were continuously improved. The Supervisory Committee was not aware of any material defect in the Company's internal control system or its implementation.

4. Implementation of the resolutions of general meetings

The Supervisory Committee had no objection to all such reports and resolutions submitted by the Board to general meetings for consideration and approval in 2025. The Supervisory Committee supervised the implementation of the resolutions of the general meetings of the Shareholders and considered that the Board had prudently implemented the resolutions of general meetings.

5. Operations in Compliance with Laws and Regulations

During the Reporting Period, the operations of the Company were normal and reasonable and were in compliance with applicable laws, regulations, rules and the Articles of Association. The Supervisory Committee was not aware of non-compliance with laws, regulations or the Articles of Association nor of behaviors that were detrimental to the interests of the Company and the Shareholders as a whole committed by the Directors and the senior management of the Company in discharging their duties.

FY Financial (Shenzhen) Co., Ltd.
Supervisory Committee
31 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PREPARATION BASIS AND SCOPE

In accordance with the disclosures requirements under the "comply or explain" provisions as to the Appendix C2 "Environmental, Social and Governance Reporting Guide" (the "**ESG Guide**") of the GEM Listing Rules, this environmental, social and governance report (the "**ESG Report**") covers the overall performance of the Group in environmental, social and governance (the "**ESG**") aspects during the period from 1 January 2025 to 31 December 2025 (the "**Reporting Period**"). The ESG Guide index is set out in the Appendix of this ESG Report, which is presented in accordance with the "comply or explain" provisions of the GEM Listing Rules during the Reporting Period.

The Group highly values the importance of making appropriate disclosure of corporate information to all the stakeholders and believes that high level of transparency is the key to building confidence with the stakeholders. Therefore, in this ESG Report, it highlighted the sustainable achievements in the following areas to give the stakeholders a better understanding of what the Group has done to protect the environment and promote social harmony:

ESG Aspects	Issues	
Environmental	–	Emissions
	–	Use of resources
	–	The environment and natural resources
	–	Climate change
Employment and labour practices	–	Employment
	–	Health and safety
	–	Development and training
	–	Labour standards
Operating practices	–	Supply chain management
	–	Product responsibility
	–	Anti-corruption
Community	–	Community investment

This ESG Report was approved by the Board on 31 March 2026.

GOVERNANCE STRUCTURE

Board's oversight of ESG issues

The Board is committed to the long-term sustainability of the environment and communities in which the Group operates and continually enhances investment value to stakeholders through proper and effective internal control systems and ESG risk management measures throughout its operations. The Board considers ESG-related risks and opportunities as part of the Group's overall strategic formulation, and the significant ESG impact caused by daily operations and businesses. The Board maintains oversight of and approves the identification and assessment of ESG issues and confirms that to the best of its knowledge, this ESG Report addresses material topics related to the operations of the Group and fairly presents its ESG performance and impacts.

The Board has appointed the Group's management to supervise the ESG-related issues and work of the Group. The Group's management is responsible for monitoring and reviewing the compliance with local laws and regulations with regards to ESG-related issues. The management is also responsible for establishment of sustainability strategies, policies and measures to implement sustainability initiatives, provide sustainability reporting and prepare the ESG Report.

Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on the ESG issues, materiality assessment is conducted annually. The Group ensures various platforms and channels of communication are used to reach, listen and respond to its key stakeholders. Through communication with the stakeholders, the Group is able to understand their expectations and concerns. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the impacts of the business decisions.

The Group has evaluated the materiality for each of the ESG aspects through the following steps: (i) identification of ESG issues by the Group; (ii) key ESG areas prioritisation with stakeholder engagement; and (iii) validation and determining material ESG issues based on the results of communication with the stakeholders.

Engaging these steps can enhance the understanding of the degree of importance of the Group's stakeholders to each material ESG issue, and can enable the Group to plan the sustainable development direction more comprehensively in the future.

Board reviews progress made against ESG-related goals and targets

The progress of implementation and the performance of the goals and targets should be closely reviewed from time to time. Modification may be needed if the progress falls short of expectation or change of business operations. Effective communication about the goals and targets with key stakeholders such as employees, customers and suppliers are essential. Setting strategic goals enable the Group to develop a realistic roadmap and focus on results of achieving the visions.

REPORTING PRINCIPLES

The ESG Report is based on the following four reporting principles:

Materiality: Stakeholder engagement and materiality assessment were conducted to identify material ESG issues, and to ensure that these issues are addressed in the report.

Quantitative: Data presented in this ESG Report have been collected prudently. Please refer to the environmental and social performance data for standards and methodologies used for calculation of key performance indicators.

Balance: Both positive and negative sides of the performance have been presented in a transparent manner.

Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

REPORTING BOUNDARIES

The Group is principally engaged in the provision of finance leasing, factoring, advisory services and customer referral services, the supply of medical equipment, energy storage business and cross-border e-commerce business in the PRC. The Group's major operations are located in Shenzhen; Beijing and Nanjing in the PRC as well as Europe and the United States. Therefore, the disclosures in this ESG Report focus on the policies and performance of offices located in Shenzhen; Beijing and Nanjing during the Reporting Period in relation to the four environmental aspects and eight social aspects.

INFORMATION AND FEEDBACK

For details about the financial performance and corporate governance of the Group during the Reporting Period, please visit the website of the Company at www.fyleasing.com and this ESG Report.

The Group highly values your opinions. Should you have any suggestion or feedback regarding the ESG Report and the performance of the Group on sustainability, please contact the Group by e-mail at jgzx@fyleasing.com.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a core role in the sustainability of the Group. The Group fully appreciates the needs to build both online and offline communication channels and to provide stakeholders with timely reports on strategic planning and performance of the Group in order to establish a continuing communication mechanism with the stakeholders. In addition, the Group consults the stakeholders on their recommendations and propositions to ensure its business practices which can meet the expectations of the stakeholders.

The stakeholders include the governments and regulatory bodies, investors, media, suppliers, customers, employees and the community. The Group discusses with the stakeholders through various channels for their expectations and relevant feedback of the Group as below:

Stakeholders	Expectations and requirements	Communication and feedback
The Stock Exchange	– Compliance with the GEM Listing Rules	– Meetings, training, seminars and programmes
	– Publishing of announcements in a timely and accurate manner	– Website updates and announcements
Governments	– Compliance with laws and regulations	– Interactions and visits, government inspections and compliance operation
	– Prevention of tax evasion	– Tax returns and other information
Investors	– Corporate governance	– Optimising risk management and internal control
	– Business strategies	– Organisation and participation of conferences, visits and interviews and general meetings
	– Performance and investment returns	– Provision of financial reports or business updates for investors, press and analysts
Media	– Corporate governance	– Posting of newsletters on the company website
	– Environmental protection	– Adopting green office practices
	– Human rights	– Providing equal employment opportunities
Suppliers	– Payment schedule	– Fulfilment of payment obligation
	– Supply stability	– Site investigation
	– Integrity cooperation	– Establishing a responsible supply chain
Customers	– Product/service quality	– Monitoring customers' satisfaction through enquiry and survey
	– Fair and reasonable pricing	– Price analysis and pricing strategy
	– Value of service	– Providing after-sale services

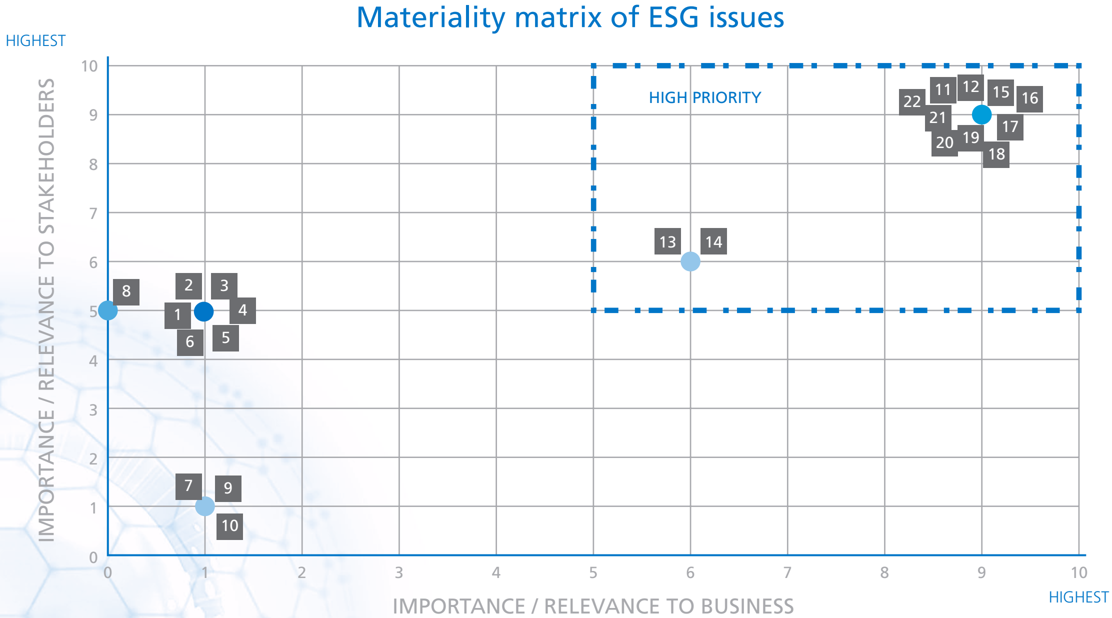
Stakeholders	Expectations and requirements	Communication and feedback
Employees	– Rights and benefits and employee salaries	– Competitive salary and employee benefits
	– Training and development	– Organisation of team activities trainings and interviews
	– Working hours and working environment	– Establishing an open environment for discussion
	– Protection for the labour force and work safety	– Issuance of staff manual and internal memorandum on health and safety
Community	– Environmental protection	– Energy conservation practices
	– Employment opportunities	– Providing equal opportunities for all employees
	– Community development and social	– Organisation of community activities welfare and employees volunteering activities, sponsorship and donations

MATERIALITY ASSESSMENT

The Group conducted a comprehensive materiality assessment on a number of ESG issues in order to identify which areas have the most significant operating, environmental and social impacts towards the Group's business and are of the utmost concerned by stakeholders.

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the corporate business characteristics, the Group has identified and confirmed 22 issues, which cover environmental, training and development, occupational health and safety, employee welfare, supply chain management, corporate governance, customer privacy, anti-corruption and community investments.

Materiality matrix of ESG issues



Environmental	Social	Operating practices
1. Greenhouse gas emissions	9. Local community engagement	17. Economic value generated
2. Energy consumption	10. Community investment	18. Corporate governance
3. Water consumption	11. Occupational health and safety	19. Anti-corruption
4. Air emission	12. Labour standards in supply chain	20. Supply chain management
5. Waste generation	13. Training and development	21. Customer satisfaction
6. Compliance with laws and regulations relating to environmental protection	14. Employee welfare	22. Customer privacy
7. Impact of climate change	15. Inclusion and equal opportunities	
8. Use of chemicals	16. Talent attraction and retention	

ENVIRONMENTAL

The operation of the Group has limited impact on the environment. The Group's business area is not the main causes of environmental pollution. Moreover, the business of the Group does not involve industrial activities and thus the total amount of emission, resources used and waste produced is low.

However, the Group understands that it is the responsibility of all corporations to ensure that emission of pollutants and consumption of resources are minimized and carbon footprints are produced. For such purpose, the Group has identified the following goals to reduce consumption of resources:

Goals

– Reducing air emissions and greenhouse gases ("GHG") emissions;

– Reducing consumption of resources; and

– Reducing production of waste.

EMISSIONS

During the Reporting Period, air emissions include nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM") which were generated through the use of the Group's vehicle.

There were mainly three types of GHG emissions of the Group during the Reporting Period, including but not limited to direct emission from a vehicle, indirect emission from electricity consumed in offices and indirect emissions from aircrafts when the employees went for business trips.

During the Reporting Period, the Group had two vehicles which travelled 40,852 km (2024: 30,508 km), mainly for short distance business trip. The Group encourages all employees taking public transport to customers' companies and using the vehicle only in case of emergency. Meanwhile, the vehicle was monitored and inspected by the system on a regular basis to keep them in the best conditions in order to increase fuel consumption efficiency and ensure road safety.

The employees took aircrafts for business trips for 95 times (2024: 98 times) and the total carbon dioxide equivalent generated from air travel amounted to 12,033.45 kg (2024: 12,411.31 kg). The purposes of business trip are business development, risk auditing and asset management, etc. The Group has adopted a policy of emission reduction including, (i) the employees only took aircrafts for business trips when necessary; and (ii) the Group arranges phone or video conference instead of face-to-face meetings to reduce emissions from transportation.

For electricity consuming in offices, the Group encourages its employees to set the air conditioners at the most comfortable temperature and switch air conditioners and lights off when they are not necessary so as to reduce emission of greenhouse gases. The Group has also put notices at eye-catching areas in the offices to remind its employees about energy saving in the ordinary course of business. The Group has launched the target of reducing Air emissions and GHG emission density by 5% in five years based on 2021.

Air emissions from the use of motor vehicles (Note 1)

Environmental Indicators	Unit	2025	2024
Nitrogen oxides (NOx) emissions	Kg	**24.87**	25.02
Sulphur oxides (SO_2) emissions	Kg	**0.07**	0.08
Particulate matter (PM) emissions	Kg	**2.42**	2.56

GHG emissions from operation

Environmental Indicators	Unit	2025	2024
Direct emissions (Scope 1)	Kg CO_2e	**19,576**	19,883
Indirect emissions (Scope 2) (Note 2)	Kg CO_2e	**70,333**	71,531
Other indirect emissions (Scope 3)	Kg CO_2e	**18,932**	19,532
Total GHG emissions	Kg CO_2e	**108,523**	110,946
GHG emissions intensity	Kg CO_2e per employee	**1,779**	1,585

GHG emissions can be classified into three scopes:

Scope 1: Direct GHG emissions from operations that are owned or controlled by the Group including fuel consumption of motor vehicle(s) controlled by the Group.

Scope 2: Indirect GHG emissions resulting from electricity purchased from power suppliers.

Scope 3: Other indirect GHG emissions resulting from paper waste disposed at landfills, water consumed and employees' business trips by aircraft of the Group.

Note 1: The emission factors used to calculate the NOx, SO_2 and PM are sourced from: (i) the Hong Kong Environmental Protection Department's ("**EPD**") EMFAC-HK Vehicle Emission Calculation model; and (ii) the United States Environmental Protection Agency's Vehicle Emission Modeling Software – MOBILE6.1. The assumption of 80% relative humidity, a temperature of 25 degrees Celsius, an average speed of 30kmh, and include running exhaust emissions only.

Note 2: The national emission factors for Shenzhen, Beijing and Tianjin are sourced from The Ministry of Ecology and Environmental of PRC (2019).

Production of waste

Solid waste of the Group is mainly produced in the daily operation of the offices, including daily paper consumption, office paper waste and food waste made by employees. The paper consumption in this year was 343 kg in total (2024: 406 kg). All domestic waste is collected and disposed by the property management office of the office building on a regular basis. No hazardous wastes are generated in the operations of the offices.

The Group is committed to reducing waste production. The Group encourages the employees to recycle stationery and reduce waste with an aim to prevent waste production at the initial stage. Moreover, the Group has adopted a digital operation method to centralize all documents and regularly educates its employees regarding environmental protection. For example, the employees are required to print double-sided and reuse paper printed single-sided in order to save and reduce the use of paper and other natural resources. Permission is also required for printing in the offices for statistical and adjustment purposes on the use of paper, so that resource utilization can be enhanced.

The Group has established appropriate measures for disposal of computers and related products such as printers and toner cartridges. Unused digital products are transferred or reused while obsolete accessories and used toner cartridges are collected by third party companies for recycling.

In case it is necessary to dispose of an item, the Group encourages its employees to collect and classify the waste before disposing so as to reduce the negative impact on the environment.

Waste produced from operation

Environmental Indicators	Unit	2025	2024
Hazardous waste produced (Note 1)	Kg	**N/A**	N/A
Hazardous waste produced intensity	Kg per employee	**N/A**	N/A
Non-hazardous waste produced (Note 2)	Kg	**N/A**	N/A
Non-hazardous waste produced intensity	Kg per employee	**N/A**	N/A

Note 1: No hazardous waste is produced by the Group. Therefore, such disclosure is not applicable to the Group.

Note 2: Non-hazardous waste produced by the Group is minimal. Therefore, no relevant figure is quantified.

The targets of the Group are to maintain zero generation of hazardous waste and minimal generation of non-hazardous waste in the next five years.

During the Reporting Period, the Group was in compliance with the Environmental Protection Law of the PRC the Law of the PRC on the Prevention and Control of Atmospheric Pollution and other applicable rules and regulations related to environmental protection and did not identify any violations that were related to environmental protection and other applicable laws and regulations that has significant impact relating to air and greenhouse gases emissions, discharges into water and land, generation of hazardous and non-hazardous waste of the Group.

In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported during the Reporting Period.

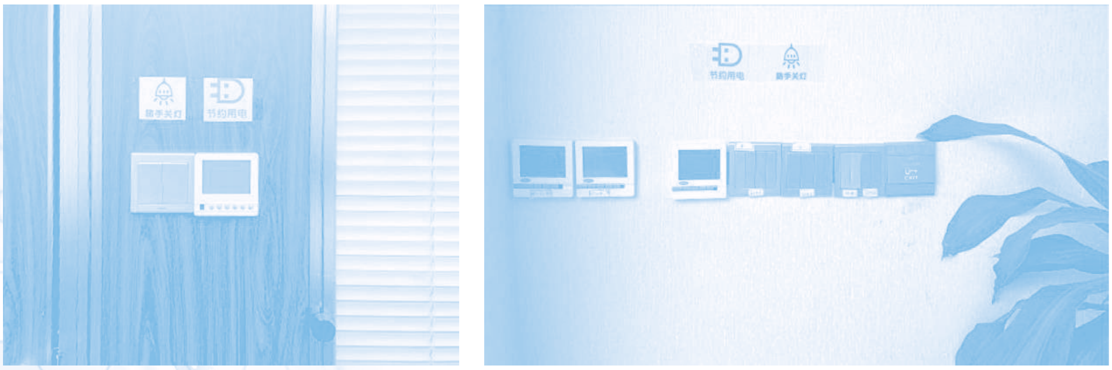
USE OF RESOURCES

The Group has always been promoting sustainability by assuming the social responsibility of environmental protection in the course of business and, on the premise of minimizing the impact on the environment, creating unlimited possibilities with limited resources. In this regard, the Group attaches great importance to employees' environmental awareness, and thus has put forth a number of initiatives with the goal of "green office", educating employees about how to fully utilize the resources and save energy. The Group aims at maximizing the efficiency of our resources in commercial aspect while eliminating waste and contributing to the society in social aspect.

The Group also embraces its responsibility in environmental protection throughout the course of office administration and daily operation. Apart from adhering to the principle of recycling and reducing use, the Group is committed to creating green offices to minimize the impact on the environment. In light of the nature of the business of the Group, the consumption of energy, electricity, water and other natural resources in the offices are limited. Electricity consumed by the Group for the Reporting Period is mainly due to daily consumption in the offices.

Below are measures taken by the Group in saving energy:

- Adopting double-sided printing and promoting use of recycled paper;
- Switching off unused lights and electric appliances to reduce energy consumption;
- Keeping the room temperature at a comfortable level and switching off the air conditioners when not necessary;
- Switching off the air conditioners and lights after office hour and when they are not in use;
- Requiring employees to turn their computers and other devices to the sleep mode or switch them off when leaving the office (including when visiting clients and having lunch); and
- Conducting regular maintenance for office equipment (such as air conditioners, computers, lights, refrigerators and paper shredders) to ensure normal operation.



Signs for reminding employees to save energy

As per the business nature of the Group, water consumption is very limited, mainly daily water consumption by the employees in offices during business hours. The domestic sewage of the Group does not include hazardous wastewater and is directly discharged to the municipal sewer pipeline. In order to reduce wastewater, employees of the Group are encouraged to save water.

The Group has launched the target of reducing energy consumption and water consumption density by 5% in five years based on 2021.

Use of resources from operation

Environmental Indicators	Unit	2025	2024
Energy Consumption			
Units of purchased electricity consumed (Note 1)	kWh	**73,219**	98,085
Units of purchased petrol consumed (Note 2)	kWh	**65,517**	53,504
Total energy consumption	kWh	**138,736**	151,589
Total energy consumption intensity	kWh per employee	**2,274**	2,166
Water Consumption (Note 1)			
Water consumption	M^3	**557**	454
Water consumption intensity	M^3 per employee	**9**	6
Packaging Material Consumption (Note 3)			
Packaging material used for finished products	Kg	**N/A**	N/A
Packaging material used intensity	Kg per piece	**N/A**	N/A

Note 1: The figures in 2025 covered the electricity consumption from offices in Beijing, Shenzhen and Nanjin. The figures in 2024 covered the electricity consumption from offices in Beijing, Shenzhen and Nanjin.

Note 2: The conversion factor used to convert data in other units to kWh is sourced from the Energy Statistics Manual issued by the International Energy Agency.

Note 3: As the Group is principally engaged in provision of finance lease services, factoring and advisory services, customer referral services and the supply of medical equipment in the PRC, no packaging material was consumed during the Reporting Period.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group aims to conserve natural resources and is concerned with the environmental impact of its activities. The Group encourages all employees to participate in different kinds of recycling activities and minimize the use of natural resources. During the Reporting Period, there is no significant impact on the environment and natural resources from the operations of the Group.

CLIMATE CHANGE

Awareness over climate change continues to grow and is one of the most discussed topics among companies. The Group is no exception, having increasing concerns over the potential impact from climate change on the Group's business and operation. The Group regularly reviews global and local government policies, regulatory updates and market trends to identify potential climate-related risks which may have impact on the Group's business operation.

In accordance to the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical and transition risks. The Group will immediately develop a response plan such as changing the business strategy and modifying the development plan in order to reduce the negative impacts of such climate-related risks.

The Group will continuously incorporate sustainable practices in its business operations and prepare and maintain sufficient resources for managing identified climate-related risks and studying the potential remediation measures.

During the Reporting Period, there is no climate-related risk, including physical and transitional risks, which have significant impact to the Group.

EMPLOYMENT AND LABOUR PRACTICES

The Group regards its employees as the cornerstone of its development, and an integral part to its sustainable development. Therefore, the Group attaches high importance to the training and welfare of its employees, and is committed to providing a working environment of job satisfaction for its employees. The Group puts much efforts to ensure the statutory rights of its employees be protected and its strict compliance with a series of labour law of the PRC, including the PRC Labour Contract Law, the PRC Labour Law, and the Social Insurance Law of the PRC. The Group provides competitive remuneration and good promotion opportunities to facilitate career development of its employees. The Group has a goal to attract, train, motivate and retain suitable talents.

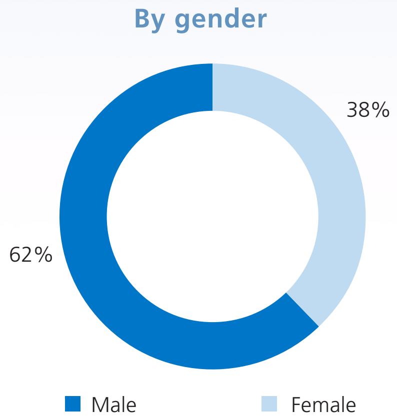
Employment

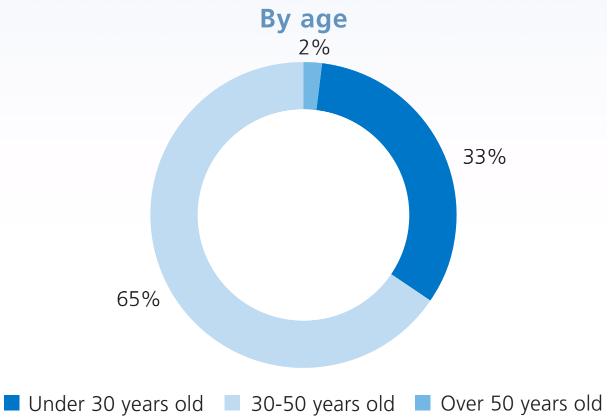
The human resources policies of the Group are developed in accordance with the applicable labour laws and regulations of the PRC, including the Labour Law of the PRC, the Labour Contract Law of the PRC and the Social Insurance Law of the PRC, to protect its employees' interests. The asset management department of the Group has also engaged qualified lawyers in the PRC to closely monitor updates of the laws and relevant regulatory requirements to ensure its compliance with relevant regulations.

The Group has formulated its staff manual and management system of human resources according to relevant labour regulations, covering human resources policies and working conditions, such as recruitment and promotion procedures, trainings, performance appraisals, remuneration and benefits, working hours, vacations and other leaves (marriage leave, compassionate leave, maternity leave).

Employee structure

As at 31 December 2025, the Group had a total of 61 employees (2024: 70 employees) and all of them are full-time employees located in the PRC. The distribution of employees by different categories is as follows:





During the Reporting Period, the employee turnover rate of the Group by categories is as follows:

Employee turnover rate (Note1)	2025	2024
By gender		
Male	**49%**	73%
Female	**39%**	52%
By age group		
Under 30 years old	**65%**	100%
30-50 years old	**39%**	53%
Over 50 years old	**–**	75%
By geographical region		
Mainland China	**38%**	66%
Hong Kong	**–**	–

Note 1: The employee turnover rate is calculated based on the number of employees who left employment in each category during the Reporting Period divided by the average number of employees in that category.

To Attract and Retain Talents

The Group upholds the operational philosophy of optimally using all available talents and resources and sticks to the employment principle based on the abilities and morality of an employee. Main criteria for employment includes morality, knowledge, abilities and track record of employees so as to make best use of and retain talents.

The Group provides employees with fair and equitable remuneration and benefits based on employees' personal track record, experience and market benchmark. The Group has formulated a set of performance appraisal mechanism, in which appropriate remuneration adjustment is made annually based on job performance of an employee to reduce turnover rate. To effectively evaluate and optimise the career life for its employees, the Group also assists employees to analyse their personal career development direction according to their own conditions and guide them to complete the employees' career development planning form to establish goals and strategies of their career life.

Benefits and Vacation

To enhance the sense of belonging of employees, foster good working morale and strengthen cohesion within the Group, the Group provides various benefits to employees, including contribution to five types of insurance and one pension fund, and subsidies on lunch, birthday, transportation and communication and others.

In addition to formulation of reasonable working and rest time according to local employment laws and system, provision of statutory holidays and paid annual leave, the Group also provides additional holidays such as marriage leave, maternity leave and bereavement leave.

Furthermore, the Group organises a series of employee activities annually, helping employees to integrate into the corporate culture of the Group. Meanwhile, relevant training programs are also designed at the request of various departments so as to enhance employees' job skills and promote their job satisfaction.

Inclusion

The Group is determined to creating a fair and equitable working environment where all employees will be treated equally and no discrimination or harassment in workplace will be tolerated. No differential remuneration package is provided based on employees' gender, age, marriage status, race, religious belief or other factors irrelevant to the job. If an employee thinks he/she is being treated unfairly, he/she can report and reflect to human resources department. Various departments will also implement internal control. The Group will issue a written warning to any employee in violation of the regulations of the Group if any unfair case is found or verified. Such employee will be subject to termination of employment if the violation is serious.

During the Reporting Period, the Group strictly complied with labour laws of the PRC and relevant regulations, and had not been involved in any event of breach of laws and regulations relating to employment relationship, compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare which had a significant impact on the Group.

No non-compliance with law that resulted in significant fines or sanctions had been reported during the Reporting Period.

Health and Safety

Due to the nature of the business of the Group, the employees mainly work in the office and their possibilities of sustaining work injuries are limited. No serious work injury incident occurred in the Group during the Reporting Period. As for laws and regulations of the PRC in relation to the occupational health standards and safe production, the Group did not record any major non-compliance during the reporting year. The Group maintains work-related injury insurance for all employees in accordance with the Social Insurance Law of the PRC as well as other laws and regulations of the PRC.

In addition, to foster and maintain a good, comfortable and healthy working environment, the Group has implemented a series of policies:

- to maintain obstruction-free emergency access in workplace;
- to provide a workplace with adequate illumination and moderate temperature;
- to restrict smoking in workplace; and
- to conduct safety inspection and training of fire prevention regularly.

Fire safety equipment in the workplace

The Group is not aware of any material non-compliance with the Work Safety Law of the PRC, Regulations on Work-Related Injury Insurance of the PRC and other applicable laws and regulations that has a significant impact on the Group relating to provide a safety working environment and protecting employees from occupational hazards during the Reporting Period.

No non-compliance with law that resulted in significant fines or sanctions had been reported during the Reporting Period.

There were no work-related fatalities reported for the years ended 31 December 2023, 2024 and 2025. During the Reporting Period, no loss days due to work injury were noted.

DEVELOPMENT AND TRAINING

The Group always puts great emphasis on talent training and believes that employees' skills and experience are essential to promoting the long-term development of the Group. Continuing education is one of the effective ways to maintain employees' competitiveness in the industry. Therefore, the Group annually formulates annual training plan with an aim to enhance employees' performance through effective training, counselling and in-service development. The trainings cover various topics, including but is not limited to, factoring business knowledge, asset management, business process, qualification training for secretaries of the board of listed issuers and internal control training for new employees.

The Group organises vocational guidance activities at irregular intervals and make full disclosure of information relating to career development in the Group through various channels. The Group identifies suitable positions and career paths for employees through an analysis of employees and the Group's positions in order to increase employees' competitiveness. The administration and human resources department formulates various action and measures required to achieve employees' career goals based on their own conditions, such as participation in various human resources development and training activities of the Group, development of their networking, participation in courses outside working hours and acquisition of relevant knowledge and skills.

During the Reporting Period, the percentage of employees trained and the average training hours completed per employee are shown as follows:

	2025	2024
Percentage of employees trained (Note 1)	**34%**	14%
Percentage of employees trained by gender (Note 2)		
Male	**62%**	60%
Female	**38%**	40%
Percentage of employees trained by employee category (Note 2)		
Senior management	**–**	–
Middle management	**5%**	–
General staff	**95%**	100%
Average training hours per employee (Note 3)	**5.4 hours**	10.6 hours
Average training hours completed per employee by gender (Note 4)		
Male	**19.5 hours**	11.5 hours
Female	**9.38 hours**	8.5 hours
Average training hours completed per employee by employee category (Note 4)		
Senior management	**–**	6.3 hours
Middle management	**34 hours**	9.0 hours
General staff	**14.75 hours**	11.2 hours

Note 1: Percentage of employees trained is calculated by dividing the number of employees who took part in training by the number of employees.

Note 2: The percentage of employees trained by category is calculated based on the number of employees trained in each category during the Reporting Period divided by the number of employees who took part in training.

Note 3: Average training hours per employee is calculated by dividing the total number of training hours by the number of employees.

Note 4: Average training hours by categories is calculated by dividing the total number of training hours for such category by the number of employees in the corresponding category.

LABOUR STANDARDS

The Group prohibits the use of forced labour and child labour, and lists important notes of recruitment process in policies and procedure of human and administration department. The Group has stringent requirements for shortlisting employees. In recruiting candidates for positions below management level, the Group requests job applicants to provide identity card, academic certificate of their highest level, professional certificates and employment separation certificate regarding their former jobs for verifying their identity.

If the management of the Group finds illegal employment of child labour or forced labour within the Group, their employment contract will be terminated immediately by the Group. After inquiry into the cause and finding out persons held responsible, the Group will impose appropriate punishment on those in violation of the regulations. No employment of forced labour and child labour occurred in the Group during the Reporting Period.

The Group endeavours to protect human rights, creating a workplace of respect, sincerity and fairness for its employees and customers, and comply with all relevant laws and regulations in relation to employment and labour that have a significant impact on the Group including the Labour Law of the PRC and the Labour Contract Law of the PRC. The Group did not record any major non-compliance during the Reporting Period. No non-compliance with law that resulted in significant fines or sanctions had been reported in 2025.

OPERATIONAL PRACTICES

Supply Chain Management

The objectives of the Group are to purchase goods from creditworthy suppliers and ensure such suppliers provide good products that meet the standards of the Group.

The Group believes that establishment of sustainable supply chain and facilitation of interaction and communication with suppliers and bankers will improve the confidence of customers and other stakeholders on the Group. Therefore, the Group only maintains long-term cooperative relationship with medical suppliers and bankers of good creditworthiness, sound reputation, quality product and service, good track record and eligibility. The Group's purchasing scope mainly covers medical equipment, office supplies and accessories etc. Currently, the Group's main suppliers are mostly from the PRC. Focusing on establishing close cooperation relationship with its suppliers, the Group has been working together with its suppliers to reduce their impact on the environment from their production processes while ensuring their provision of quality products and services.

Although most of its medical suppliers are designated by customers, the Group has formulated written policies and guidance to monitor suppliers' performance regularly in order to track their service quality more effectively. The Group will cease cooperation with suppliers who fail to meet its service quality standards.

During the Reporting Period, the number of suppliers by geographical region is as follows:

	2025 *note 1*	**2024** *note 1*
Region		
Mainland China	**30**	26
Hong Kong	**5**	7

Note 1: Suppliers refer to suppliers providing products and/or services to the Group with total contract value of over RMB0.1 million.

Product Responsibility

The objectives of the Group are to protect customers' information and keep customers free of worries.

The Directors and management team have extensive experience in the financing services industry. The Group provides customised financial leasing services tailored for customers who are in need of relevant equipment in their business operations. In addition, the Group provides its customers with financing and accounts receivable management as well as consulting services. The Group has an experienced and stable management team that allows it to deliver reliable and efficient services to its customers.

In addition, the Group places strong emphasis on the confidentiality of customers' information. Although there are no existing laws and regulations governing privacy in the PRC, in order to gain confidence from customers and lower the risk of revealing confidential information by the employees, the Group has established an internal documentation management system, including administrative measures for information privacy and implementing rules for information privacy management, which specifies the right procedures for the employees to handle the information of the Company and the customers, so as to enhance the regulatory mechanism and prevent the leakage of customers' information.

- employees must have a sense of confidentiality and definitely do not ask, say or look at anything that they should not;

- talking about or transmitting the Company's confidential matters in public places, via public telephones or public network platforms is strictly prohibited;

- without the consent of the meeting organizers, employees may not take photos, record or reproduce the confidential matters, and strict punishment will be imposed once discovered;

- may not throw away drafts, first drafts or outdated documents at discretion. If there is no retention value, such documents should be destroyed in a timely manner. Such documents should be treated as final drafts and be handled according to confidentiality principles and requirements; and

- documents containing sensitive information of the customers or the Company should be kept by specified personnel of each department. Unless necessary, such information should not be transmitted to other departments.

Moreover, the Group requires employees to sign confidentiality agreements, which strictly require employees to follow the rules regarding confidentiality management and the relevant system established by the Group to perform their confidentiality responsibilities, so as to protect the interest of the Group. Confidentiality agreements specify the content and scope that the staff should keep confidential, their confidentiality responsibilities and liabilities for breach of contract. If employees disclose or reproduce any trade secrets of the Group without the Group's consent and authorization, the Company will dismiss the employees and reserve the right to institute legal proceedings.

The Group recognises the importance of intellectual property protection, therefore it is dedicated to protecting and enforcing the Group's own intellectual property rights as well as the intellectual property rights of third party. The Group will ensure terms in relation to intellectual property rights are included in the cooperation agreements between the Group and its business partners.

Maintaining high quality standard for products and services are the most important for sustainable development of the Group. The Group ensures that the medical equipment provided for its customers are in compliance with the Article 6 of the Regulation on the Supervision and Administration of Medical Devices of the PRC, the medical device products shall satisfy the national mandatory standards for medical devices, and, if no such standard is available, meet the mandatory industrial standards for medical devices, and registered or filed product technical specification. The instruction manual and labelling of the medical equipment are in compliance with the Provision on the Management of Instructions and Labels of Medical Devices of the PRC. After-sales and maintenance services are provided for the Group's customers in order to boost their lifetime value.

During the Reporting Period, there were no recalls of products due to safety and health reasons and no complaints related to product and service were received.

Anti-Corruption

The objectives of the Group are to promote anti-corruption, anti-money laundering and no bribery, extortion and fraud.

All the businesses operated by the Group are in compliance with the national and local laws and regulations regarding the prevention of bribery, extortion, fraud and money laundering, including the Prevention of Bribery Ordinance (Chapter 201) of the Hong Kong Legislation. The Group requires its employees to strictly follow the requirements of the aforesaid ordinances, in order to prevent behaviours such as bribery, extortion, fraud and money laundering.

Besides, the Group has established internal administrative rules regarding anti-corruption, and implemented a comprehensive mechanism to strictly monitor each employee, ensuring no employee has any behaviour that violates the discipline, rules and laws, such as behaviour for gaining personal interests, bribery, extortion, fraud and money laundering. The Group is determined in combating corruption and contributes in building a corruption-free society. If there are any suspicious cases, employees can report to the management in absolute secrecy, and such cases will be passed to the relevant department for investigation.

With a view to protecting the Group's interest, the Group requires employees to strictly follow the code of conduct listed in the employee manual. The Group also provides relevant training to employees regularly with an aim to enhance their awareness on anti-corruption, money laundering and other illegal acts.

The Group is not aware of any material non-compliance with the Anti-Unfair Competition Law of the PRC and other applicable laws and regulations that has a significant impact on the issuer relating to bribery, extortion, fraud and money laundering during the Reporting Period. There was no legal action against the Group or the employees of the Group for corruption.

COMMUNITY

Community Investment

The Group deeply understands the importance of giving back to the society, as such, the Group uses the best endeavors in providing help. The Group encourages employees to participate in community activities, and to contribute to the sustainability of a harmonious society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

A. Environmental		Disclosures
A1: Emissions		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental
KPI	A1.1 The types of emissions and respective emissions data	Emissions
	A1.2 Greenhouse gas emissions in total	Emissions
	A1.3 Total hazardous waste produced	Not applicable [note1]
	A1.4 Total non-hazardous waste produced	Not applicable [note2]
	A1.5 Description of emission targets set and steps taken to achieve them	Emissions
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them	Waste production
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental
KPI	A2.1 Direct and/or indirect energy consumption by type	Use of resources
	A2.2 Water consumption in total and intensity	Use of resources
	A2.3 Description of energy use efficiency targets set and steps taken to achieve them	Use of resources
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them	Use of resources
	A2.5 Total packaging material used for finished products	Use of resources [note3]
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental
KPI	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Use of resources
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental
KPI	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Climate change

Note1: During the course of business, the Company did not produce any chemical or medical-related hazardous waste.

Note2: During the course of business, the Company did not produce a large amount of non-hazardous waste. Therefore, it did not include the data of non-hazardous waste in the calculation.

Note3: The Group' s business operation does not involve production process, no packaging material is consumed by the Group.

B. Social			Disclosures
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.		Environmental
KPI	B1.1	Total workforce by gender, employment type, age group and geographical region	Employment
	B1.2	Employee turnover rate by gender, age group and geographical region	Employment
B2: Health and Safety General Disclosure			
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.		Health and safety
KPI	B2.1	Number and rate of work-related fatalities	Health and safety
	B2.2	Lost days due to work injury	Health and safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities		Development and training
KPI	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Development and training
	B3.2	The average training hours completed per employee by gender and employee category	Development and training

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

B. Social			Disclosures
B7: Anti-corruption			
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Anti-corruption[note4]
KPI	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Community investment
KPI	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community investment
	B8.2	Resource contributed to the focus areas	Community investment

Note4: During the Reporting Period, there was no legal action against the Group and the employees of the Group for corruption.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FY FINANCIAL (SHENZHEN) CO., LTD.
(incorporated in the PRC with limited liability)

OPINION

We have audited the consolidated financial statements of FY Financial (Shenzhen) Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 72 to 156, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the 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 consolidated financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

IMPAIRMENT OF ACCOUNTS RECEIVABLES

Refer to notes 3 and 20 to the consolidated financial statements.

The Key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the Group's account receivables are approximately RMB317,239,000. During the year ended 31 December 2025, net impairment loss of accounts receivables is approximately RMB11,032,000. The assessment of impairment of accounts receivables under the expected credit loss ("**ECL**") model requires the application of judgement and use of subjective assumptions by management. We have identified the impairment of account receivables as a key audit matter because of the significant management judgement, assumptions and estimations adopted in the calculation of ECL allowance and may be subject to management bias.	Our audit procedures were designed to obtain an understanding of the key internal controls on how the management assesses the impairment of accounts receivables under ECL model. We reviewed the credit profiles, guarantors and the collaterals (if any) as well as external evidence and factors of accounts receivables on a sample basis, to assess whether management's assessment of ECL was appropriate. We also evaluated the parameters and assumptions used in the measurement of ECL such as criteria for judging significant increases in credit risk, definition of credit- impaired financial asset, parameters for measuring ECL and forward-looking information. We also assessed the appropriateness of the Group's disclosure of the impairment of accounts receivables, credit risk grading and the related credit risk.

VALUATION OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Refer to notes 3 and 17 to the consolidated financial statements.

The Key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the Group's financial assets at fair value through profit or loss are approximately RMB92,486,000. The fair values of financial assets that are not quoted in active markets are determined by using valuation techniques. Valuation techniques used include option pricing models market approach and recent transaction price. The Group uses market-observable data to the extent it is available. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modeling techniques. We have identified the valuation of financial assets at fair value through profit or loss as a key audit matter because of the significant management judgement, assumptions and estimations adopted in the selection of valuation techniques and use of significant unobservable inputs and may be subject to management bias.	Our audit procedures were designed to assess the selection of the valuation technique the reasonableness of those key assumptions, including marketability discount and minority discount, adopted in the calculations of the fair values. When assessing those key assumptions, we discussed with management and management's expert to understand and evaluate management's basis for determining the assumptions. We also engaged our valuation expert to assist us in assessing the reasonableness of the assumptions and discount rates used by management by comparing with comparable companies with similar risk profiles and market information. We also assessed the appropriateness of the Group's fair value disclosure of financial assets at fair value through profit or loss.

IMPAIRMENT ASSESSMENT ON CASH GENERATING UNITS OF ENERGY STORAGE BUSINESS SEGMENT

Refer to notes 3, 15, 21 and 31 to the consolidated financial statements.

The Key audit matter	How the matter was addressed in our audit
The Group's cash generating units ("**CGU**") of energy storage business segment consisted of property, plant and equipment, right-of-use assets and goodwill with carrying values of RMB5,081,000, RMB524,000 and RMB1,638,000 respectively as at 31 December 2025. During the year ended 31 December 2025, no impairment losses was recognized against property, plant, and equipment, right-of-use assets, and goodwill, respectively, for the energy storage business CGU in the People's Republic of China (the "**PRC**"). We have identified the impairment assessment of the CGU of energy storage business segment as a key audit matter because of the significant management judgement, assumptions and estimations when performing the impairment testing and may be subject to management bias.	Our audit procedures were designed to assess the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information together with other external available information. In particular, we have tested the future cash flow forecast prepared by management on whether it is agreed to the budget approved by the directors of the Company and compared the budget with actual results available up to the report date. We have also evaluated the appropriateness of the assumptions, including the future revenue, the future expenses and profit margin, against latest market expectations. We have also assessed the discount rate employed in the calculation of value-in-use by reviewing its basis of calculation and comparing its input data to market sources. As any changes in these assumptions and input to valuation model may result in significant financial impact, we have tested management's sensitivity analysis in relation to the key inputs to the impairment assessment which included changes in future revenue and expenses. We also assessed the appropriateness of the Group's disclosure of the impairment assessment of CGU of energy storage business segment.

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 THE 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 also responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, 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.

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

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Mr. Wong Hon Kei, Anthony.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Continuing operation			
Revenue	5	**76,890**	133,066
Cost of sales		**(41,818)**	(88,195)
Gross profit		**35,072**	44,871
Other income and gains	7	**24,608**	5,111
Operating expenses		**(12,116)**	(16,927)
Administrative expenses		**(21,799)**	(27,006)
Impairment loss on finance lease receivables, accounts receivables and amounts due from related companies, net	9	**(13,172)**	(9,621)
Finance cost	8	**(349)**	(282)
Share of loss of an associate		**(45,760)**	(5,046)
Loss before tax	9	**(33,516)**	(8,900)
Income tax expenses	10	**(13,780)**	(506)
Loss for the year from continuing operation		**(47,296)**	(9,406)
Discontinued operations			
Profit for the year from discontinued operations	11	**703**	731
Loss and total comprehensive expense for the year:		**(46,593)**	(8,675)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(43,535)**	(6,873)
Non-controlling interests		**(3,058)**	(1,802)
		(46,593)	(8,675)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company arising from:			
– Continuing operations		**(43,893)**	(7,463)
– Discontinued operations		**358**	590
		(43,535)	(6,873)
(Loss) profit and total comprehensive (expense) income for the year attributable to non-controlling interests arising from:			
– Continuing operations		**(3,403)**	(1,943)
– Discontinued operations		**345**	141
		(3,058)	(1,802)
Loss per share			
Basic and Diluted (RMB cents)	12		
– Continuing and discontinued operations		**(12.12)**	(1.91)
– Continuing operations		**(12.21)**	(2.08)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Plant and equipment	15	**5,856**	9,024
Intangible asset	16	**1,172**	1,405
Accounts receivables	20	**210**	801
Right-of-use assets	31	**606**	702
Financial assets at fair value through profit or loss ("**FVTPL**")	17	**92,486**	71,075
Amounts due from related companies	25a	**30,548**	–
Interest in an associate	18	**–**	45,760
Goodwill	21	**1,638**	1,638
Deferred tax assets	22	**5,098**	17,076
		137,614	147,481
Current assets			
Inventories	23	**3,828**	10,704
Finance lease receivables	19	**–**	2,010
Accounts receivables	20	**317,029**	313,150
Prepayments, deposits and other receivables	24	**12,740**	16,325
Amounts due from related companies	25a	**–**	30,850
Amount due from a non-controlling interest	25b	**1,900**	1,900
Tax receivables		**–**	1,062
Cash and cash equivalents	26	**32,362**	26,077
		367,859	402,078
Assets classified as held for sale	11	**–**	7,977
		367,859	410,055
Current liabilities			
Trade and other payables	27	**92,293**	94,075
Contract liabilities	28	**378**	372
Lease liabilities	31	**434**	493
Bank borrowings	30	**9,900**	10,000
Tax payables		**6,650**	6,912
		109,655	111,852
Liabilities associated with assets classified as held for sale	11	**–**	3,377
		109,655	115,229
Net current assets		**258,204**	294,826
Total assets less current liabilities		**395,818**	442,307

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Deferred tax liabilities	22	**152**	–
Lease liabilities	31	**8**	56
		160	56
Net assets		**395,658**	442,251
Capital and reserves			
Share capital	32	**359,340**	359,340
Reserves		**34,097**	77,632
Equity attributable to owners of the Company		**393,437**	436,972
Non-controlling interests		**2,221**	5,279
Total equity		**395,658**	442,251

The consolidated financial statements on pages 72 to 156 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

LI Peng
Director

WENG Jianxing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company							
	Share capital RMB'000	Merger reserve RMB'000 (note (a))	Capital reserve RMB'000	Statutory reserve RMB'000 (note (b))	Retained profits (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	**359,340**	**1,582**	**31,240**	**18,476**	**26,334**	**436,972**	**5,279**	**442,251**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(43,535)**	**(43,535)**	**(3,058)**	**(46,593)**
At 31 December 2025	**359,340**	**1,582**	**31,240**	**18,476**	**(17,201)**	**393,437**	**2,221**	**395,658**

	Attributable to owners of the Company							
	Share capital RMB'000	Merger reserve RMB'000 (note (a))	Capital reserve RMB'000	Statutory reserve RMB'000 (note (b))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	359,340	1,582	31,240	18,476	33,207	443,845	6,961	450,806
Loss and total comprehensive expense for the year	–	–	–	–	(6,873)	(6,873)	(1,802)	(8,675)
Capital injection from non-controlling interest	–	–	–	–	–	–	120	120
At 31 December 2024	359,340	1,582	31,240	18,476	26,334	436,972	5,279	442,251

Note:

The nature and purposes of reserves within equity are as follows:

(a) Merger reserve

The merger reserve amounted to approximately RMB1,582,000 as at 31 December 2025 and 2024 represents the difference between the consideration and the nominal value of share capital of Beijing Shan Shan Medical Technology Development Co., Ltd ("**Beijing Medical**"), a subsidiary of the Group pursuant to the business combination under common control.

(b) Statutory reserve

In accordance with the relevant laws and regulations in the People's Republic of China (the "**PRC**") and Articles of Association of the company incorporated in the PRC now comprising the Group, i.e. the PRC Operational Entity, it is required to appropriate 10% of the annual net profits of the PRC Operational Entity, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserve fund before distributing any net profit. When the balance of the statutory reserve fund reaches 50% of the registered capital of the PRC Operational Entity, any further appropriation is at the discretion of shareholders. The statutory reserve fund can be used to offset prior years' losses, if any, and may be capitalised as capital, provided that the remaining balance of the statutory reserve fund after such issue is no less than 25% of registered capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Loss before tax			
Continuing operation		**(33,516)**	(8,900)
Discontinued operations (note 11)		**721**	611
Loss before tax, from continuing and discontinued operations		**(32,795)**	(8,289)
Adjustment for:			
Bank interest income		**(205)**	(367)
Depreciation of plant and equipment		**1,799**	1,891
Depreciation of right-of-use assets		**852**	1,545
Amortisation of an intangible asset		**259**	253
Change in fair value financial assets at FVTPL, net		**(23,021)**	1,027
Impairment loss for inventories		**680**	775
Impairment loss on finance lease and accounts receivables, net		**12,820**	10,424
Impairment loss (reversal of impairment loss) on amounts due from related companies		**352**	(803)
Impairment loss (reversal of impairment loss) on other receivables		**1,335**	(1,211)
Interest expenses on bank borrowings		**309**	238
Interest expenses on lease liabilities		**40**	128
Imputed interest income on trade receivables		**(66)**	(181)
Gain on disposal of plant and equipment, net		**(1,417)**	(1,054)
Gain on termination of leases		**–**	(29)
Dividend income from financial assets at FVTPL		**(55)**	(42)
Share of loss of an associate		**45,760**	5,046
Operating profits before working capital changes		**6,647**	9,351
Decrease (increase) in inventories		**6,196**	(6,860)
Increase in finance leases and accounts receivables		**(13,487)**	(103,675)
Decrease (increase) in prepayments, deposits and other receivables		**3,756**	(5,482)
(Decrease) increase in trade and other payables		**(1,782)**	74,906
Increase in contract liabilities		**6**	372
Decrease in receipts in advance		**–**	(212)
Increase (decrease) in amounts due from related companies		**(50)**	69
Cash from (used in) operating activities		**1,286**	(31,531)
Interest received		**205**	367
Income tax paid		**(850)**	(1,081)
Net cash from (used) in operating activities		**641**	(32,245)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		**6,053**	2,372
Proceed from the partial refund of investment cost in financial asset at FVTPL		**1,610**	–
Purchase of property, plant and equipment		**(736)**	(773)
Purchase of financial assets at FVTPL		**–**	(9,000)
Purchase of intangible asset		**(26)**	(28)
Dividend received from financial assets at FVTPL		**55**	42
Net cash from (used in) investing activities		**6,956**	(7,387)
Cash flows from financing activities			
New bank borrowings raised		**9,900**	10,000
Repayment of bank borrowing		**(10,000)**	(5,000)
Capital injection from non-controlling interest		**–**	120
Interest elements of lease rentals paid		**(40)**	(128)
Capital elements of lease rentals paid		**(863)**	(1,308)
Interest paid		**(309)**	(238)
Net cash (used in) from financing activities	37	**(1,312)**	3,446
Net increase (decrease) in cash and cash equivalents		**6,285**	(36,186)
Cash and cash equivalents at beginning of year		**26,077**	62,263
Cash and cash equivalents at end of year		**32,362**	26,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

FY Financial (Shenzhen) Co., Ltd. ("**the Company**") was established in the People Republic of China (the "**PRC**") on 7 December 2012 as a sino-foreign equity joint venture enterprise and was converted to a joint stock company with limited liability under the Company Law of the People's Republic of China (the "**PRC**") on 10 September 2015. The address of its registered office is Room 201, Block A, No.1, Qianwan First Road, Qianhai Shenzhen- Hong Kong Cooperation Zone, Shenzhen, Guangdong, the PRC and the principal place of business is Room 1603, Cheung Kei Building, No.128 Xinzhou 11th Street, Futian District, Shenzhen, Guangdong, the PRC. The Company listed shares ("**H Shares**") have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 23 May 2017.

The Company is principally engaged in the provision of finance leasing, sale leaseback, factoring and advisory services.

The Group is principally engaged in the provision of finance leasing, sale leaseback, factoring, advisory services, trading of electronic products, investments holding and energy storage business in the PRC. During the year, the Group discontinued it operation of provision of 5G base stations site space and details are set out in note 11. The activities of its principal subsidiaries are set out in note 34.

The functional currency and presentation currency of the Company and the subsidiaries are Renminbi ("**RMB**").

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application of amendments to a HKFRS Accounting Standard

In the current year, the Group has applied, for the first time, the following amendments to a HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability

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

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

New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs 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]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[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.

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

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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.

Basis of consolidation

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

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

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Basis of consolidation (Continued)

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of an associate is incorporated in these consolidated financial statements using the equity method. Under the equity method, investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income or expense of the associate. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset or the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS9, which continue to be measured in accordance with the relevant accounting policies.

Impairment losses on plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill)

At the end of each 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 these 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 plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Impairment losses on plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill) (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 the cash generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the 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 immediately in profit or loss.

Leases

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 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Leases (Continued)

The Group as lessee (Continued)

Lease liabilities
At the commencement date of a lease, the Group measures lease liability at the present value of the lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed lease payments (including in-substance fixed payments); and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group presents lease liabilities as a separate line item on 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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Leases (Continued)

The Group as lessee (Continued)

The Group as a lessor

Classification and measurement of leases

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.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

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.

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 recognises 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 that is distinct or a series of distinct goods that are substantially same.

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 services.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer.

Principal versus agent

When another party is involved in providing goods to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good before that good is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good by another party. In this case, the Group does not control the specified good provided by another party before that good is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods to be provided by the other party.

Contract liabilities

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Revenue from contracts with customers (Continued)

Contract liabilities (Continued)

The Group recognised revenue from the following major sources:

- Advisory service fee income
- Sales of goods – energy storage system
- Sales of goods – electronic products
- Energy storage solutions and general construction

Revenue for the provision of advisory services
Revenue for the provision of advisory services is recognised at point in time when the services have been rendered.

Revenue from sales of goods - energy storage system
For revenue from sales of goods - energy storage system provided by the Group, the Group entered the contract with the customers. The Group determined that revenue from sales of goods is recognised at point in time when the goods are delivered to and have been accepted.

Revenue from sales of goods - electronic products
For revenue from sales of goods – electronic products provided by the Group, the Group entered the contract with the customers. The Group determined that revenue from sales of goods is recognised at point in time when the goods are delivered to and have been accepted by customers.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Revenue from other sources

Finance leases income

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

Income from sale-leaseback transactions

The Group acts as a buyer-lessor
For a transfer of asset that does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises account receivables equal to the transfer proceeds within the scope of HKFRS 9.

Factoring income

The Group's factoring income arise from the provision of factoring services to companies located in the PRC.

Factoring income is recognised in accordance with the accounting policy under "Financial Instruments".

Energy storage service income

The Group, as a lessor, accounts for the provision of energy storage service as operating lease, such revenue is recognised over the lease period with variable lease payment. Variable lease payment not based on index or rate are recognised as revenue as incurred.

Provision of 5G base stations site space

The Group, as a lessor, accounts for the provision of 5G base stations site space as operating lease, such revenue is recognised on a straight-line basis over the lease period. Lease payments are fixed.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Intangible asset

Intangible asset acquired separately

Intangible asset with finite useful life that is acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible asset with finite useful life is recognised on a straight-line basis over its estimated useful life. 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.

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

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

Cash and cash equivalents

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

(a) cash and bank balances; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Inventories

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss) profit 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 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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 and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

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 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.

Retirement benefits costs

Payments to stage-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Investments in subsidiaries

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

Borrowing costs

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

All other borrowings costs are recognised as expenses in the period in which they are incurred.

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 on the dates of the transactions. At the end of each 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.

Financial instruments

Financial assets and financial liabilities are recognised 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) 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 at fair value through profit or loss are recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments (Continued)

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, fair value through other comprehensive income ("**FVTOCI**"), and fair value through profit or loss ("**FVTPL**").

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

Classification and subsequent measurement of financial assets
Financial assets at amortised cost (debt instruments)
Financial assets that meet the following conditions are subsequently measured at amortised cost:

- 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 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.

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost 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.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income and gains" line item in profit or loss. Any net loss recognised is included in the "Administrative expenses" line item in profit or loss. Fair value is determined in the manner described in note 40.

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

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, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

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

Interest income is recognised in profit or loss and is included in the "Revenue" (note 5) and "Other income and gains" line item (note 7).

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

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including finance lease receivables, accounts receivables, amounts due from related companies and a non-controlling interest, other receivables and deposits and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.

The Group has elected to measure loss allowances for finance lease receivables and certain trade nature receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. To measure the ECL, finance lease receivables and certain trade nature receivables have been grouped based on shared credit risk characteristics. The Group estimated the expected loss rate 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 including factoring receivables, receivables from sale-leaseback transaction and receivables from operating lease, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments (Continued)

Financial assets (Continued)

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.

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments (Continued)

Financial assets (Continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when the 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 assets 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.

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the financial asset is more than 180 days past due.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment loss in profit or loss in the period in which the recovery occurs.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of expected credit losses

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

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

Lifetime ECL for finance lease receivables and certain trade nature receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments (Continued)

Financial liabilities and equity instruments

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

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

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

Financial liabilities 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 is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories, impairment assessment of non-current assets, 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.

4. CRITICAL ACCOUNTING JUDGEMENTS 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following are the critical judgements, 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 in the consolidated financial statements.

Classification between finance leasing and operating leasing as a lessor

Leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor) and operating leases (which result in expenses recognition by the lessee, with the asset remaining recognised by the lessor).

Situations that would normally lead to a lease being classified as finance lease including the following:

(a) The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;

(b) The lessee has the option to purchase the underlying asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and, at the inception of the lease, it is reasonably certain that the option will be exercised;

(c) The lease term is for the major part of the economic life of the asset, even if title is not transferred;

(d) At the inception of the lease, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and

(e) The underlying assets are of a specialised nature such that only the lessee can use them without major modification being made.

The Group does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset, therefore, those lease are classified as operating leasing as lessor.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Principal versus agent consideration

The Group engages in trading of energy storage system and electronic products. The Group assessed whether the Group should recognise revenue on gross basis based on the requirements in HKFRS 15. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as that the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk and discretion in establishing selling prices of the goods. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 December 2025, the Group recognised revenue in respect of such business is approximately RMB59,405,000 (2024: RMB101,804,000).

Controls in subsidiaries

As stated in note 34, some subsidiaries are considered as subsidiaries of the Group even though the Group holds less than 50% ownership interest and less than 50% of the shareholdings in those subsidiaries. The directors of the Company assessed the Group's control over these subsidiaries based on its practical ability to unilaterally direct the relevant activities. In making their judgment, the directors of the Company considered that the Group holds significantly more voting rights than any other individual vote holder or organized group of vote holders. As a result, the Group has the power to control those subsidiaries.

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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Impairment of finance lease receivables and accounts receivables

The impairment provisions for finance lease receivables and accounts receivables are based on assumptions about expected credit loss. The assessment of impairment of finance lease and accounts receivables under the expected loss model is considered to be a matter of most significance as it requires the application of judgement and use of subjective assumptions by management. The Group assesses the expected credit loss ("**ECL**") according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.

At 31 December 2025, the carrying amounts of finance lease receivables and accounts receivables are approximately nil and RMB317,239,000 (2024: RMB2,010,000 and RMB313,951,000), net of accumulated impairment losses of approximately RMB10,239,000 and RMB38,640,000 (2024: RMB8,967,000 and RMB28,976,000) respectively.

During the year ended 31 December 2025, the net impairment loss of finance lease receivables and accounts receivables was approximately RMB1,788,000 and RMB11,032,000, respectively (2024: reversal impairment loss was approximately RMB1,660,000 and impairment loss was approximately RMB12,084,000, respectively).

Valuation of financial assets at fair value through profit or loss

As at 31 December 2025, the Group's financial assets at FVTPL amounting to approximately RMB92,486,000 (2024: RMB71,075,000) are measured at fair value. The fair values of financial assets that are not quoted in active markets are determined by using valuation techniques. Valuation techniques used include income approaches, market approaches and option pricing models. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments.

Deferred tax assets

As at 31 December 2025, no deferred tax asset has been recognised on the tax losses and other deductible temporary difference for the Group due to the unpredictability of future profit streams. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Impairment of interest in an associate

As at 31 December 2025, the Group performed impairment assessment on an associate. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant associate which is the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows In cases where the actual cash flows are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation or discount rate, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

As at 31 December 2025, the carrying amount of the interest in an associate was nil (2024: RMB45,760,000) after recognising the share of loss of RMB45,760,000 from the associate.

Impairment assessment on cash generating unit of energy storage business segment ("CGUs")

The Group's cash generating units ("**CGU**") of energy storage business segment consisted of certain property, plant and equipment, right-of-use assets and goodwill. In determining whether there is any impairment loss of the CGU, management estimated the recoverable amounts of the CGU based on the value in use calculation. The value in use calculation is prepared by independent professional valuers based on the management's assumptions and estimates taking into account the existing business plan and other strategic business development. These calculations require the use of estimates such as the future revenue, expenses and discount rates.

As at 31 December 2025, the carrying amounts of plant and equipment, right-of-use assets and goodwill of the CGU of energy storage business segment subject to impairment assessment were approximately RMB5,081,000, RMB524,000 and RMB1,638,000 (2024: RMB7,821,000, RMB190,000 and RMB1,638,000) respectively. During the year ended 31 December 2025 and 2024, no impairment loss was recognized against property, plant, and equipment, right-of-use assets and goodwill.

5. REVENUE

Revenue represents revenue arising on sales of goods, services income, factoring income and leases income for the year.

An analysis of the Group's revenue for the years from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines:		
Sales of goods – energy storage system	39,175	77,670
Sales of goods – electronic products	20,230	24,134
Advisory service fee income	–	66
	59,405	101,870
Revenue from other sources		
Finance lease income	540	9
Income from sale-leaseback transactions	26	152
Factoring income	15,787	19,028
Energy storage service income	1,132	12,007
	17,485	31,196
	76,890	133,066

Disaggregation of revenue from contracts with customers by timing of recognition.

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
– At a point in time	59,405	101,870

6. SEGMENT INFORMATION

The Group's chief operating decision maker ("**CODM**") has been identified as the executive directors of the Company. Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services.

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

Financial and advisory business – comprises direct finance leasing, sale-leaseback transactions, factoring, advisory services and investment holding

Trading operation business – comprises trading of electronic products

Energy storage business – comprises trading of energy storage system and energy storage solutions and general contraction and general contraction

During the year ended 31 December 2024, the Group disposed of the interest in 5G base station business segment which was presented as "discontinued operations" and details are set out in note 11. The 5G base station business comprises provision of 5G base stations site space. The following segment information of the Group's business segment does not include the discontinued operations. No new reportable segments identified during the year ended 31 December 2025 and 2024.

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

For the year ended	Financial and advisory business 31 December 2025 RMB'000	Financial and advisory business 31 December 2024 RMB'000	Trading operation business 31 December 2025 RMB'000	Trading operation business 31 December 2024 RMB'000	Energy storage business 31 December 2025 RMB'000	Energy storage business 31 December 2024 RMB'000	Total 31 December 2025 RMB'000	Total 31 December 2024 RMB'000
Continuing operations								
Reportable segment revenue	**16,353**	19,255	**20,230**	24,134	**40,307**	89,677	**76,890**	133,066
Reportable segment loss	**(4,981)**	(254)	**(2,088)**	(545)	**(3,763)**	(2,070)	**(10,832)**	(2,869)
Share of loss of an associate							**(45,760)**	(5,046)
Dividend income from financial assets at FVTPL							**55**	42
Change in fair value of financial assets at FVTPL, net							**23,021**	(1,027)
Group's loss before tax							**(33,516)**	(8,900)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit earned by/loss from each segment without allocation of impairment loss on an associate, share of loss of an associate, dividend income from financial assets at FVTPL and change in fair value of financial assets at FVTPL, net. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION *(CONTINUED)*

(a) Other segment information

For the year ended	Financial and advisory business 31 December 2025 RMB'000	Financial and advisory business 31 December 2024 RMB'000	Trading operation business 31 December 2025 RMB'000	Trading operation business 31 December 2024 RMB'000	Energy storage business 31 December 2025 RMB'000	Energy storage business 31 December 2024 RMB'000	Total 31 December 2025 RMB'000	Total 31 December 2024 RMB'000
Continuing operations								
Bank interest income	**98**	172	**18**	32	**80**	162	**196**	366
Imputed interest income on trade receivables	**–**	–	**66**	181	**–**	–	**66**	181
Interest expenses on lease liabilities	**(7)**	(14)	**(6)**	(13)	**(27)**	(17)	**(40)**	(44)
Interest expenses on bank borrowing	**–**	–	**–**	–	**(309)**	(238)	**(309)**	(238)
Depreciation of plant and equipment	**(456)**	(480)	**–**	(2)	**(1,343)**	(1,250)	**(1,799)**	(1,732)
Depreciation of right-of-use assets	**(305)**	(589)	**(154)**	(154)	**(393)**	(457)	**(852)**	(1,200)
Amortisation of intangible asset	**(253)**	(252)	**(6)**	(1)	**–**	–	**(259)**	(253)
Impairment loss for inventories	**–**	–	**(680)**	(775)	**–**	–	**(680)**	(775)
(Loss) gain on disposal of plant and equipment	**–**	(36)	**–**	–	**19**	–	**19**	(36)
Continuing operations								
(Impairment loss) reversal of impairment loss on finance lease	**(1,788)**	1,660	**–**	–	**–**	–	**(1,788)**	1,660
(Impairment loss) reversal of impairment loss on accounts receivables, net	**(8,793)**	(8,834)	**170**	(362)	**(2,409)**	(2,888)	**(11,032)**	(12,084)
(Impairment loss) reversal of impairment loss on amounts due from related companies	**(352)**	803	**–**	–	**–**	–	**(352)**	803
(Impairment loss) reversal of impairment loss on other receivables	**(606)**	1,211	**(810)**	–	**81**	–	**(1,335)**	1,211
Income tax expense	**(13,993)**	(506)		–	**213**	–	**(13,780)**	(506)
Additions to non-current assets (Note)	**28**	442	**708**	28	**782**	–	**1,518**	470

Note:

Non-current assets excluded financial assets at FVTPL, interest in an associate, goodwill and deferred tax assets.

6. SEGMENT INFORMATION *(CONTINUED)*

(b) Segment assets and liabilities

	2025 RMB'000	2024 RMB'000
Continuing operations		
Segment assets		
Financial and advisory business	243,212	255,901
Trading operation business	33,701	43,075
Energy storage business	134,091	133,227
Total reportable segment assets	411,004	432,203
Interest in an associate	–	45,760
Financial assets at FVTPL	92,486	71,075
Assets relating to discontinued operations	–	7,977
Certain other receivables	1,377	492
Certain cash and cash equivalents	606	29
Consolidated assets	505,473	557,536

	2025 RMB'000	2024 RMB'000
Continuing operations		
Segment liabilities		
Financial and advisory business	7,942	9,849
Trading operation business	1,247	15,684
Energy storage business	99,249	85,439
Total reportable segment liabilities	108,438	110,972
Liabilities relating to discontinued operations	–	3,377
Certain other payables	1,377	936
Consolidated liabilities	109,815	115,285

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than interest in an associate, financial assets at FVTPL, certain other receivable, assets and liabilities relating to discontinued operations, certain other payables and certain cash and cash equivalents.

(c) Geographic information

No geographical information is presented as the Company incorporated in the PRC and the principal place of the Group's operations is the PRC. All the Group's revenue and non–current assets are principally attributable to the PRC.

(d) Information about major customers

No customers contributed 10% or more of the Group's revenue for the year ended 31 December 2025 (2024: nil).

7. OTHER INCOME AND GAINS

	2025 RMB'000	2024 RMB'000
Continuing operations		
Bank interest income	**196**	366
Maintenance service income	**1,226**	2,948
Imputed interest income on trade receivables	**66**	181
Dividend income from financial assets at FVTPL	**55**	42
Change in fair value of financial assets at FVTPL, net	**23,021**	–
Penalty charged to customers	**–**	142
Reversal of impairment loss on other receivables	**–**	1,211
Others	**44**	221
	24,608	5,111

8. FINANCE COST

	2025 RMB'000	2024 RMB'000
Continuing operations		
Interest on :		
– bank borrowings	**309**	238
– lease liabilities	**40**	44
	349	282

9. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Continuing operations		
Staff costs (including directors' and supervisors' emoluments) (note 14(a)) comprise:		
Directors' fees	340	327
Salaries, allowances and other benefits	11,332	16,370
Discretionary bonuses	536	773
Contributions to defined contribution retirement plan	1,183	1,650
	13,391	19,120
Costs of sales:		
– Bank charges and other expenses	166	434
– Depreciation of plant and equipment	1,343	1,250
– Impairment loss for inventories	680	775
– Cost of inventories sold	39,629	85,736
	41,818	88,195
Auditors' remuneration		
– audit services	730	730
– non-audit services	106	106
Depreciation of plant and equipment (note)	456	482
Depreciation of right-of-use assets (note)	852	1,200
(Gain) loss on disposal of plant and equipment, net (note)	(19)	36
Amortisation of intangible asset (note)	259	253
Expenses relating to short-term leases	367	271
Change in fair value of financial asset of FVTPL, net	(23,021)	1,027
Impairment loss on finance lease and accounts receivables, net	12,820	10,424
Impairment loss (reversal of impairment loss) on finance lease	1,788	(1,660)
Impairment loss on accounts receivables, net	11,032	12,084
Impairment loss (reversal of impairment loss) on amounts due from related companies (note 25)	352	(803)
Impairment loss on other receivables (note 24)	1,335	–

Note:

These expenses are included in the "administrative expenses" line item.

10. INCOME TAX EXPENSE

Loss before tax is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Continuing operations		
PRC Enterprise Income Tax		
– Current year	**1,650**	1,984
Deferred tax (note 22)		
– Charged (Credited) for the year	**12,130**	(1,478)
Income tax expense	**13,780**	506

The Group and its subsidiaries in the PRC are subject to PRC Enterprise Income Tax at the rate of 25% based on the estimated assessable profits for the years ended 31 December 2025 and 2024.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. During the years ended 31 December 2025 and 2024, the Group had no assessable taxable profit in Hong Kong.

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

	2025 RMB'000	2024 RMB'000
Loss before tax (from continuing operations)	**(33,516)**	(8,900)
Tax at the rates applicable to tax jurisdictions concerned	**(8,449)**	(2,239)
Tax effect of expenses not deductible for tax purposes	**51**	205
Tax effect of income not taxable for tax purpose	**(82)**	(1,144)
Utilisation of tax losses previously not recognised	**–**	(39)
Tax effect of tax losses and other deductible temporary difference not recognised	**10,820**	2,462
Tax effect of share of loss of associate	**11,440**	1,261
Income tax expenses (relating to continuing operations)	**13,780**	506

11. DISCONTINUED OPERATIONS/DISPOSAL ASSETS HELD FOR SALE

On 16 May 2024, the Group entered into an asset transfer agreement with an independent third party whereby the Group agreed to dispose all base stations constructed by its subsidiaries, Shenzhen Huixin Zhida Technology Co., Ltd.* (深圳匯信致達科技有限公司) ("**Huixin**") at cash consideration of RMB1,410,000 and Guangdong Yideng Engineering Construction Co., Ltd.* (廣東壹登工程建設有限公司) ("**Yideng**") at cash consideration of RMB8,750,000 for the use of the third party telecommunications operators, including the base station equipment and auxiliary facilities owned by Huixin and Yideng. In order to reduce the operating and maintenance costs of the base stations and to avoid potential loss resulting from the decrease in value of base stations, the directors of the Company considered that the disposal of assets offer an opportunity for the Group to optimize its resources allocation and enhance the quality and efficiency of its operations, which will be beneficial to the overall development of the Group. Details are set out in announcement dated 16 May 2024. After the disposal of those assets, the Group has discontinued its operations of 5G base stations. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

As at 31 December 2024, the disposal of certain base stations was completed and the remaining base stations are expected to be completed in coming twelve months. The Group recognised the consideration receivable of RMB3,127,000 for the disposed based stations and received the partial settlement of RMB2,372,000 during the year ended 31 December 2024.

During the year ended 31 December 2025, the consideration under the transfer agreement with Huixin was adjusted to RMB 999,670.5 after a reduction of RMB410,329.5, taking into account the deduction of three base stations due to their dismantlement, as well as rental adjustments on certain base stations made by the operator. This adjustment was determined in accordance with the transfer agreement with Huixin. The consideration under the transfer agreement with Yideng was adjusted to RMB8,893,000. The disposal of remaining 5G base stations transactions were completed on 17 September 2025 and 3 November 2025, respectively, upon transfer of ownership of the related assets and liabilities. As at 31 December 2025, the considerations receivables for Huixin and Yideng were approximately RMB342,000 and RMB835,000, respectively.

The results of 5G base station business segment have been presented as profit from discontinued operations during the year ended 31 December 2025 and 2024.

	2025 RMB'000	2024 RMB'000
Revenue	**525**	1,935
Cost of sales	**(302)**	(1,186)
Gross profit	**223**	749
Other income and gains	**110**	126
Gain on disposal of plant and equipment	**1,398**	1,090
Operating expenses	**(45)**	(63)
Administrative expenses	**(965)**	(1,291)
Profit before tax	**721**	611
Income tax (expenses) credit	**(18)**	120
Profit for the year	**703**	731

11. DISCONTINUED OPERATIONS/DISPOSAL ASSETS HELD FOR SALE *(CONTINUED)*

	2025 RMB'000	2024 RMB'000
Profit for the year from discontinued operations include the following:		
Bank interest income	**9**	1
Depreciation of plant and equipment	**–**	(159)
Depreciation of right-of-use assets	**–**	(345)
Interest expense on lease liabilities	**–**	(84)
Gain on termination of lease	**–**	29

The following assets and liabilities were classified as held for sale in relation to the discontinued operations as at 31 December 2024:

	2024 RMB'000
Analysis of assets and liabilities:	
Property, plant and equipment	**4,216**
Goodwill	**109**
Right of use assets	**3,652**
Total assets classified as held for sale	**7,977**
Lease liabilities and total liabilities associated with assets classified as held for sale	**(3,377)**

As at 31 December 2025, the Company has derecognised the disposal of assets held for sale and liabilities associated with assets classified as held for sale, as the ownership of the assets and liabilities held for sale has been transferred to the independent third party.

12. LOSS PER SHARE

For continuing and discontinued operations

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

	2025 RMB'000	2024 RMB'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(43,535)**	(6,873)

	2025	2024
Number of ordinary shares for the purpose of basic and diluted loss per share	**359,340,000**	359,340,000
Basic and diluted loss per share (RMB cents per share)	**(12.12)**	(1.91)

The diluted loss per share for the years ended 31 December 2025 and 2024 are the same as basic loss per share as there are no potential dilutive ordinary shares outstanding during the years or at the end of the reporting periods.

From continuing operations

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

	2025 RMB'000	2024 RMB'000
Loss for the year attributable to owners of the Company	**(43,535)**	(6,873)
Less: profit for the year from discontinued operations	**(358)**	(590)
Loss for the purpose of basic loss per share from continuing operations	**(43,893)**	(7,463)
Loss for the year from continuing operations attributable to owners of the Company for the purpose of basic and diluted loss per share (RMB cents per share)	**(12.21)**	(2.08)

From discontinued operations

Basic and diluted profit per share for the discontinued operations is RMB0.10 cents per share (2024: profit per share RMB 0.17 cents per share) for the discontinued operations, based on the profit for the year from the discontinued operations of RMB358,000 (2024: profit for the year RMB590,000) and the denominators detailed above for both basic and diluted profit per share.

13. DIVIDENDS

No dividend was paid or proposed during the year in respect of the years ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

14. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and supervisors' emoluments

The emoluments paid or payable to each of 12 (2024: 13) directors and supervisors of the Company in respect of a person's services as a director or other services in connection with the management of the affairs, whether of the Company and its subsidiary undertakings during the year as follow:

Year ended 31 December 2025

	Fees RMB'000	Salaries allowances and other benefits RMB'000	Discretionary bonuses (note iv) RMB'000	Contributions to defined contribution retirement plan RMB'000	Total RMB'000
Executive directors					
Mr. Li Peng	–	443	–	6	449
Mr. Weng Janxing	–	360	–	174	534
Ms. Gong Xiaoting	–	490	–	6	496
Non-executive directors					
Mr. Peng Qilei	–	–	–	–	–
Ms. Liu Jing	–	–	–	–	–
Independent non-executive directors					
Mr. Liu Shengwen	110	–	–	–	110
Mr. Hon Leung	120	–	–	–	120
Mr. Tong Qiang (note i)	110	–	–	–	110
Supervisors					
Mr. Sun Luran	–	192	–	53	245
Mr. Zhu Xiaodong	–	–	–	–	–
Mr. Liu Bing (note v)	–	–	–	–	–
Ms. Li Juan (note v)	–	335	–	54	389
Total	340	1,820	–	293	2,453

14. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(a) Directors' and supervisors' emoluments (Continued)

Year ended 31 December 2024

	Fees RMB'000	Salaries allowances and other benefits RMB'000	Discretionary bonuses (note iv) RMB'000	Contributions to defined contribution retirement plan RMB'000	Total RMB'000
Executive directors					
Mr. Li Peng	–	437	–	6	443
Mr. Weng Janxing	–	490	–	32	522
Ms. Gong Xiaoting	–	483	–	–	483
Non-executive directors					
Mr. Peng Qilei	–	–	–	–	–
Ms. Liu Jing	–	–	–	–	–
Independent non-executive directors					
Mr. Liu Shengwen	109	–	–	–	109
Mr. Hon Leung	109	–	–	–	109
Mr. Tong Qiang (note i)	109	–	–	–	109
Supervisors					
Mr. Liu Bing (note v)	–	287	203	36	526
Mr. Sun Luran	–	177	28	38	243
Mr. Zhu Xiaodong	–	–	–	–	–
Ms. Li Juan (note v)	–	309	44	33	386
Total	327	2,183	275	145	2,930

Note:

(i) Mr. Fung Chi Wei, Anthony resigned on 25 August 2023 and Mr. Tong Qiang was appointed on 25 August 2023.

(ii) No directors and supervisors of the Company waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

(iii) No emoluments were paid by the Group to any of the directors or supervisors of the Company as an incentive payment to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2025.

(iv) Discretionary bonuses were determined by board of directors with reference to the Group's operating results and individual performance.

(v) Mr. Liu Bing resigned on 31 March 2025 and Ms. Li Juan was appointed on 31 March 2025.

14. DIRECTORS' CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS *(CONTINUED)*

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, 5 (2024: 3) were directors and supervisors of the Company for the year ended 31 December 2025. The emoluments of the remaining 2 highest paid individuals for the years ended 31 December 2024 (2025: nil) were as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and other benefits	–	396
Discretionary bonuses (note)	–	105
Contributions to defined contribution retirement plan	–	33
Total	–	534

The number of the highest paid employees who are not the directors or supervisors of the Company whose remuneration fell within the following band is as follows:

	2025 Number of individual	2024 Number of individual
Nil to HK$1,000,000	–	2

No emoluments were paid by the Group to the five highest paid individuals including directors and supervisors of the Company as an incentive payment to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2025 and 2024.

Note: Discretionary bonuses were determined by board of directors with reference to the Group's operating results and individual performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

15. PLANT AND EQUIPMENT

	Office equipment RMB'000	Motor vehicles RMB'000	Energy storage system RMB'000	5G base station equipment RMB'000 (note 11)	Leasehold improvements RMB'000	Total RMB'000
Cost						
At 1 January 2024	3,007	344	10,534	6,243	962	21,090
Additions	21	–	–	752	–	773
Transfer to asset held for sales	–	–	–	(5,177)	–	(5,177)
Disposals	(15)	–	–	(1,818)	–	(1,833)
At 31 December 2024 and 1 January 2025	**3,013**	**344**	**10,534**	**–**	**962**	**14,853**
Additions	**28**	**–**	**708**	**–**	**–**	**736**
Disposal	**–**	**–**	**(4,195)**	**–**	**–**	**(4,195)**
At 31 December 2025	**3,041**	**344**	**7,047**	**–**	**962**	**11,394**
Accumulated depreciation						
At 1 January 2024	1,534	153	1,463	918	962	5,030
Charge for the year	398	84	1,250	159	–	1,891
Transfer to asset held for sales	–	–	–	(961)	–	(961)
Eliminated on disposal	(15)	–	–	(116)	–	(131)
At 31 December 2024 and 1 January 2025	**1,917**	**237**	**2,713**	**–**	**962**	**5,829**
Charge for the year	**373**	**83**	**1,343**	**–**	**–**	**1,799**
Eliminated on disposal	**–**	**–**	**(2,090)**	**–**	**–**	**(2,090)**
At 31 December 2025	**2,290**	**320**	**1,966**	**–**	**962**	**5,538**
Carrying value						
At 31 December 2025	**751**	**24**	**5,081**	**–**	**–**	**5,856**
At 31 December 2024	1,096	107	7,821	–	–	9,024

The above items of plant and equipment are depreciated on a straight-line basis over the useful lives of the assets, as follows:

Office equipment	3-5 years
Motor vehicles	8 years
Energy storage system	10 years
5G base station equipment	10 years
Leasehold improvements	Over the lease terms

Note:

The energy storage business operation were making loss during the year ended 31 December 2025 and 2024. The Group carried out an impairment assessment for the recoverable amount of the CGU of energy storage business operation. The estimate of the recoverable amount was based on value-in-use calculation using the discounted cash projection approved by management covering a 5-year period at pre-tax discount rate of 22.5% (2024: 21.4%) per annum. Key assumptions for the value-in-use calculation include future revenue, budgeted gross margin and operating costs, which were determined based on the past performance, the Group's business plan and management expectations for the market development.

During the year ended 31 December 2025 and 2024, management of the Group determine that there is no impairment of this CGU containing goodwill, plant and equipment, right-of-use assets.

16. INTANGIBLE ASSET

	RMB'000
Cost	
At 1 January 2024, 31 December 2024 and 1 January 2025	2,562
Addition	26
At 31 December 2025	2,588
Accumulated amortisation	
At 1 January 2024	904
Charge for the year	253
At 31 December 2024 and 1 January 2025	1,157
Charge for the year	259
At 31 December 2025	1,416
Carrying value	
At 31 December 2025	1,172
At 31 December 2024	1,405

The Group's computer software and trademark with carrying amount of RMB1,172,000 (2024: RMB1,405,000) is amortised over 10 years (2024: 10 years).

17. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial assets designated at FVTPL		
– Unlisted equity securities	**92,486**	71,075

	2025 RMB'000	2024 RMB'000
– Preference shares of an unlisted investment, Pachira (Zhuhai Hengqin) Information Technology Co., Ltd ("**Pachira**") (note a)	**10,572**	5,723
– Ordinary shares in Zhuhai Huihe Guangjing Chuangye investment Fund, L.P. ("**Zhuhai Huihe**") (note b)	**41,955**	19,817
– Ordinary shares in Beijing Shuncheng Health investment Fund, L.P. ("**Beijing Shuncheng**") (note c)	**20,341**	22,202
– Ordinary shares in Shenzhen Divbio Pharmaceutical Co., Ltd ("**Shenzhen Divbio**") (note d)	**7,599**	14,350
– Ordinary shares in Yixing Xiangyi Venture Capital Partnership ("**Yixing**") (note e)	**12,019**	8,983
	92,486	71,075

17. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS *(CONTINUED)*

Reconciliation for financial asset at FVTPL based on significant unobservable inputs (Level 2 and Level 3) are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of year	**71,075**	63,102
Addition (note b)	**–**	9,000
Partial refund of cost of investment (note b)	**(1,610)**	–
Net gain (loss) on change in fair value recognised in profit or loss	**23,021**	(1,027)
At the end of year	**92,486**	71,075

Notes:

(a) The financial asset represent 0.5749% (2024: 0.5749%) interest of preferences shares in a private company incorporated in the PRC with investment cost of RMB5,000,000. Upon initial recognition, the financial assets are measured at FVTPL. There is gain on fair value of the financial asset of RMB4,849,000 (2024: gain on fair value of RMB288,000) for the year ended 31 December 2025.

(b) The financial asset represent 33.5664% (2024: 33.5664%) interest in a fund incorporated in the PRC. Pursuant to the limited partnership agreement, the total investment was amounted to RMB30,000,000. The Group paid additional RMB9,000,000 during the year ended 31 December 2024. However, the Group partially received a refund of cost of investment of RMB 1,610,000 since there were no ideal investment projects from the fund during the year ended 31 December 2025, and there was no change in ownership after this refund. There is gain on fair value of the financial asset of RMB22,138,000 (2024: loss on fair value RMB1,565,000) for the year ended 31 December 2025.

(c) The financial asset represent 9.9% (2024: 9.9%) interest in a fund incorporated in the PRC with investment cost of RMB30,000,000. There is loss on fair value of the financial asset of RMB1,861,000 (2024: loss on fair value of RMB2,303,000) for the year ended 31 December 2025.

(d) The financial asset represent 4.222% (2024: 4.504%) interest in a private company incorporated in the PRC with investment cost of RMB8,000,000. There is loss on fair value of the financial asset of RMB6,751,000 (2024: gain on fair value of RMB3,050,000) for the year ended 31 December 2025.

(e) The financial asset represent 12.9631% (2024: 12.9631%) interest in a fund incorporated in the PRC with investment cost of RMB10,000,000. There is gain on fair value of the financial asset of RMB3,036,000 (2024: loss on fair value of RMB497,000) for the year ended 31 December 2025.

(f) The fair value measurement of the financial asset at FVTPL is further disclosed in note 40.

18. INTEREST IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Cost of investment in an associate	**50,000**	50,000
Share of post-acquisition losses and other comprehensive expenses	**(50,000)**	(4,240)
	–	45,760

18. INTEREST IN AN ASSOCIATE *(CONTINUED)*

As at 31 December 2025 and 2024, the Group had interests in the following associates

Name	Form of entity	Class of shares held	Country of incorporation	Proportion of ownership interest or participating shares and voting power indirectly held by the Group 2025	2024	Place of operation and principal activity
Shanghai KYMS Cloud Technology Co., Ltd. and its subsidiaries ("**Shanghai KYMS Group**")	Incorporated	Registered capital	The PRC	**20.81%**	20.81%	Leasing of serviced office in the PRC

The associate is holding 100% of its subsidiaries in the PRC. The associate is listed in National Equities Exchange And Quotations ("**NEEQ**"), and the associate has been privatised in NEEQ starting from 26 December 2023.

The associate incurred significant losses during the second half of 2025. As at 31 December 2025, the Group, based on the associate's audited financial statements, recognised a share of loss of RMB 45,760,000.

The following table illustrates the summarised audited financial information in respect of the associate and reconciled to the carrying amount in the consolidated statement of financial position:

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18. INTEREST IN AN ASSOCIATE *(CONTINUED)*

Summarised audited financial information

	2025 RMB'000	2024 RMB'000
Current assets	**11,152**	56,626
Non-current assets	**2,240**	619,324
Current liabilities	**(244,263)**	(158,836)
Non-current liabilities	**–**	(407,088)
Net (liabilities) assets	**(230,871)**	110,026
Revenue	**79,525**	107,554
Loss and total comprehensive expense for the year	**(340,887)**	(24,246)
Reconciliation to the Group's interest in an associate:		
Proportion of the Group's ownership	**20.81%**	20.81%
Group's share of net asset of the associate	**–**	22,896
Goodwill on acquisition	**–**	22,864
	–	45,760

The unrecognised share of an associate, both for the year and cumulatively, are set out below:

	2025 RMB'000	2024 RMB'000
Unrecognised share of loss of an associate for the year	**25,179**	–

19. FINANCE LEASE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Finance lease receivables	**14,160**	14,375
Less: unearned finance income	**(3,921)**	(3,398)
Present value of minimum lease payment	**10,239**	10,977
Less: allowance for credit losses	**(10,239)**	(8,967)
	–	2,010

Analysed as:

	2025 RMB'000	2024 RMB'000
Current assets	**–**	2,010

Certain of the plant and machinery of the Group are leased out under finance leases.

The following is a credit quality analysis of finance lease receivables. In the event that an instalment repayment of a finance lease receivables is overdue for more than 30 days, the entire outstanding balance of the finance lease receivables is classified as overdue. If the instalment repayment is overdue within 30 days, only the balance of this instalment is classified as overdue.

	2025 RMB'000	2024 RMB'000
Overdue and credit-impaired		
Overdue over 180 days	**–**	2,010

The overdue interest rate is charged at fixed rate 0.1% per day during the year ended 31 December 2024.

The effective interest rates of the above finance lease mainly 1.75% per annum as at 31 December 2024.

Since it was fully impaired during the year ended 31 December 2025, no overdue interest was charged, and no effective interest rate was measured.

Movements of the impairment loss on finance lease receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**8,967**	10,627
Impairment loss (reversal of impairment loss) recognised for the year	**1,788**	(1,660)
Written off	**(516)**	–
At end of year	**10,239**	8,967

The loss allowance was measured at an amount equal to lifetime expected credit losses under the simplified approach. The changes in the loss allowance was mainly due to the additional loss allowance and amounts written off at the reporting date under the expected credit loss model.

Details of impairment assessment are set out in Note 40.

20. ACCOUNTS RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Receivables from sales-leaseback	(a)	**–**	7,854
Factoring receivables with recourse	(b)	**199,360**	205,351
Trade receivables	(c)	**113,415**	96,340
Receivables from operating leases	(d)	**4,464**	4,406
Total accounts receivables, less allowance for credit loss		**317,239**	313,951

At as 31 December 2025, the gross amount of trade receivable arising from contracts with customers amounted to RMB117,981,000 (2024: RMB99,821,000).

Analysis for reporting purpose as:

	2025 RMB'000	2024 RMB'000
Current assets	**317,029**	313,150
Non-current assets	**210**	801
	317,239	313,951

Notes:

(a) Receivables from sales-leaseback

The following is an ageing analysis of receivables from sales-leaseback net of allowance for credit losses based on the schedule to repay of the receivables since the effective date of the relevant sale-leaseback contracts, as at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
Within 1 year	**–**	7,854

The Group allows an average credit period of 30 to 60 days (2024: 30 to 60 days) to its customers.

20. ACCOUNTS RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(a) Receivables from sales-leaseback (Continued)

The following is a credit quality analysis of receivables from sale-leaseback transaction. In the event that an instalment repayment of a receivable form sale-leaseback transaction is overdue more than 30 days, the entire outstanding balance of the receivables form sale-leaseback transaction is classified as overdue.

	2025 RMB'000	2024 RMB'000
Overdue and credit-impaired		
Overdue 181 days	**12,541**	14,918
Less: Allowance for credit losses	**(12,541)**	(7,064)
	–	7,854

The Group, acts as a buyer-lessor, does not recognise the transferred asset, as the sale-leaseback transaction does not satisfy the requirements of HKFRS 15 as a sale but accounted for as financing arrangement under HKFRS 9.

The overdue interest rate is charged at fixed rate 0.1% per date as at 31 December 2024.

The effective interest rates of the receivables from sale-leaseback transactions ranged mainly from 6.14% to 12.82% per annum as at 31 December 2024.

Since it was fully impaired during the year ended 31 December 2025, no overdue interest was charged, and no effective interest rate was measured.

Movements of impairment loss on receivables form sale-leaseback transaction are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**7,064**	25,404
Impairment loss (reversal of impairment loss) recognised for the year	**6,567**	(1,985)
Written off	**(1,090)**	(16,355)
At end of year	**12,541**	7,064

The loss allowance was measured at an amount equal to lifetime expected credit losses under the simplified approach for receivables from sale-leaseback transaction. The changes in the loss allowance was mainly due to the additional loss allowance and amounts written off at the reporting date under the expected credit loss model.

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20. ACCOUNTS RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(b) Factoring receivables

The following is an ageing analysis of factoring receivables net of allowance for credit losses based on the schedule to repay of the receivables since the effective date of the relevant factoring contracts as at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
Within 1 year	**199,360**	205,351
Analysis for reporting purpose as:		
Current	**199,360**	205,351

The Group allows an average credit period of 0 to 30 days (2024: 0 to 30 days) to its customers.

The following is a credit quality analysis of factoring receivables. In the event that an instalment repayment of a factoring receivable is overdue, the entire outstanding balance of the factoring receivables is classified as overdue.

	2025 RMB'000	2024 RMB'000
Neither overdue nor credit-impaired	**133,690**	177,000
Overdue and not credit-impaired		
– Overdue 0 days to 30 days	**51,960**	–
– Overdue 30 days to 90 days	**–**	6,500
Overdue and credit-impaired		
– Overdue over 180 days	**34,359**	40,274
	220,009	223,774
Less: Allowance for credit losses	**(20,649)**	(18,423)
	199,360	205,351

20. ACCOUNTS RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(b) Factoring receivables (Continued)

The overdue interest rate is charged at fixed rate 0.1% per day (2024: 0.1% per day).

The effective interest rates of the above factoring receivables ranged mainly from 0.84% to 6.86% per annum as at 31 December 2025 (2024: 10.18% to 12.73% per annum).

As at 31 December 2025, the Group hold collateral of the factoring receivables with a carrying amount of RMB259,044,000 (2024: RMB334,097,000) over the factoring receivables.

Movements of impairment loss on factoring receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**18,423**	9,398
Impairment loss recognised for the year	**2,226**	10,614
Written off	**–**	(1,589)
At end of year	**20,649**	18,423

The loss allowance was measured at an amount equal to 12 month and lifetime expected credit losses under the general approach for factoring receivables. The changes in the loss allowance was mainly due to the loss allowance at the reporting date under the expected credit loss model.

(c) Trade receivables

The following is an ageing analysis of trade receivables net of allowance for credit losses based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
0 – 30 days	**48,472**	82,935
30 – 90 days	**3,520**	4,704
90 – 180 days	**20,291**	4,791
180 – 365 days	**38,432**	3,109
Over 365 days	**2,700**	801
	113,415	96,340
Analysis for reporting purpose as:		
Current	**113,205**	95,539
Non-current	**210**	801
	113,415	96,340

The Group allows an average credit period of 0 to 30 days (2024: 0 to 30 days) to its customers.

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20. ACCOUNTS RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(c) Trade receivables (Continued)

The following is a credit quality analysis of trade receivables. In the event that an instalment repayment of trade receivable is overdue, the entire outstanding balance of the trade receivables is classified as overdue.

	2025 RMB'000	2024 RMB'000
Neither overdue nor credit-impaired	**47,747**	78,694
Overdue but not credit-impaired		
– Overdue within 30 days	**727**	7,590
– Overdue 30 days to 90 days	**3,520**	2,077
– Overdue 91 days to 180 days	**20,350**	5,479
Overdue and credit impaired		
– Overdue 181 days	**45,637**	5,981
	117,981	99,821
Less: Allowance for credit losses	**(4,566)**	(3,481)
	113,415	96,340

Movements of impairment loss on trade receivables area as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**3,481**	1,156
Impairment loss (reversal of impairment loss) recognised for the year	**1,224**	3,451
Written off	**(139)**	(1,126)
At end of year	**4,566**	3,481

The loss allowance was measured at an amount equal to lifetime expected credit losses under the simplified approach for trade receivables. The changes in the loss allowance was mainly due to the additional loss allowance and amounts written off on trade receivables at the reporting date under the expected credit loss model.

(d) Receivables from operating leases

The following is an ageing analysis of receivables from operating leases net of allowance for credit losses based on the schedule to repay of the receivables as at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
0-30 days	**4,464**	4,406

	2025 RMB'000	2024 RMB'000
Current	**4,464**	4,406

The Group allows an average credit period of 0 to 30 days (2024: 0 to 30 days) to its customers.

20. ACCOUNTS RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(d) Receivables from operating leases (Continued)

The following is a credit quality analysis of receivables from operating lease. In the event that an instalment repayment of receivables from operating lease is overdue, the entire outstanding balance of the receivables from operating lease is classified as overdue.

	2025 RMB'000	2024 RMB'000
Neither overdue nor credit-impaired	–	1,723
Overdue but not credit-impaired		
– Overdue 0 days to 30 days	459	–
– Overdue 30 days to 90 days	1,636	2,691
– Overdue 90 days to 180 days	1,800	–
Overdue and credit impaired		
– Overdue 181 days	1,453	–
	5,348	4,414
Less: Allowance for credit losses	(884)	(8)
	4,464	4,406

Movements of the impairment loss on receivables from operating lease are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	8	4
Impairment loss recognised for the year	1,015	4
Written off	(139)	–
At end of year	884	8

The loss allowance was measured at an amount equal to 12 month expected credit loss under the general approach for receivables from operating lease.

21. GOODWILL

	RMB'000
Cost	
At I January 2024	1,747
Reclassified to asset held for sales (note i)	(109)
At 31 December 2024, 1 January 2025 and 31 December 2025	**1,638**

Goodwill is allocated to the following Group's CGUs:

	2025 RMB'000	2024 RMB'000
Provision of energy storage services	**1,638**	1,638

Note:

(i) During the year ended 31 December 2024, the Company discontinued its operation on provision of 5G base station site space, the goodwill which was allocated to provision of 5G base station site space was reclassified as asset held for sales. Details set out in note 11.

(ii) For impairment testing of goodwill, the recoverable amount of CGUs are determined based on the higher of the fair value less cost of sales of the assets or its value-in-use estimate. There is no impairment recognised against property, plant and equipment, right-of-use assets and goodwill respectively for the years ended 31 December 2025 and 2024. Details are set out in note 15.

22. DEFERRED TAXATION

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets	**5,098**	17,076
Deferred tax liabilities	**(152)**	–
	4,946	17,076

22. DEFERRED TAXATION *(CONTINUED)*

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Allowance for impairment losses RMB'000	Right of use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	15,635	(1,722)	1,565	15,478
Credited (charged) credited to profit or loss	1,441	1,722	(1,565)	1,598
At 31 December 2024 and 1 January 2025	**17,076**	**–**	**–**	**17,076**
Credited (charged) credited to profit or loss	**(12,088)**	**(152)**	**110**	**(12,130)**
At 31 December 2025	**4,988**	**(152)**	**110**	**4,946**

As at 31 December 2025, the Group had unused tax losses arising in the PRC and Hong Kong of RMB70,626,000 and RMB118,000 (2024: RMB30,106,000 and RMB118,000) and other deductible temporary difference of RMB58,919,000 (2024: RMB10,399,000) that will expire within 5 years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary difference as it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

23. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	**301**	901
Work in progress	**21**	–
Finished goods	**3,506**	9,803
	3,828	10,704

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24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	**9,322**	13,289
Value-added tax recoverable	**246**	169
Other deposits	**241**	126
Other receivables	**2,931**	2,741
	12,740	16,325

Movements of the impairment loss on other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**84**	2,044
Impairment loss (reversal of impairment) recognised for the year	**1,335**	(1,211)
Written off	**–**	(749)
At end of year	**1,419**	84

The loss allowance was measured at an amount equal to 12 month expected credit loss for other receivables. The changes in the loss allowance was mainly due to loss allowance on other receivables as at the reporting date.

25. AMOUNTS DUE FROM RELATED COMPANIES/A NON-CONTROLLING INTEREST

(a) Amounts due from related companies

	2025 RMB'000	2024 RMB'000
北京市大苑天地房地產開發有限公司 ("**Dayuan Tiandi**")	**–**	7,950
北京快易天地企業管理有限公司 ("**Kuaiyi Tiandi**")	**8,000**	–
北京市龍鼎華源房地產有限責任公司 ("**Longding Huayuan**")	**22,900**	22,900
	30,900	30,850
Less: allowance for credit losses	**(352)**	–
	30,548	30,850
Less: current portion	**–**	(30,850)
Non-current	**30,548**	–

25. AMOUNTS DUE FROM RELATED COMPANIES/A NON-CONTROLLING INTEREST *(CONTINUED)*

(a) Amounts due from related companies (Continued)

Movements of impairment loss on amounts due from related companies are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	–	803
Impairment loss (reversal of impairment loss) recognised for the year	352	(803)
At end of year	352	–

Dayuan Tiandi is the shareholder with 22.26% interest in of the Company and Longding Huayuan is a wholly-owned subsidiary of Dayuan Tiandi. The loss allowance was measured at an amount equal to 12 months expected credit losses and lifetime expected credit losses for factoring receivables and sales-leaseback receivables respectively.

Kuaiyi Tiandi is a wholly owned subsidiary of Shanghai KYMS Group. The loss allowance was measured at an amount equal to 12 months expected credit losses and lifetime expected credit losses for factoring receivables.

The amounts due from related companies are trade nature with credit period of 2 years (2024: 2 years), secured and with a fixed interest rate 5% per annum (2024: 10% per annum), which management of the Group determines is at arm's length.

(b) Amount due from a non-controlling interest

As at 31 December 2025 and 2024, the entire balance represents are non-trade nature, unsecured, interest-free and repayable on demand.

26. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	32,362	26,077

As at 31 December 2025, the Group has cash and bank balances denominated in RMB amounted to approximately RMB32,120,000 (2024: RMB25,879,000), which are deposited with banks in the PRC. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the PRC that are authorised to conduct foreign exchange business.

Bank balances earn interest at floating rates based on daily bank deposit rates and are deposited with creditworthy banks.

27. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (note a)	**89,987**	86,814
Accruals	**1,771**	1,707
Deposits from finance lease customers (note 29)	–	582
VAT payables	–	4,166
Others	**535**	806
	92,293	94,075

Notes:

(a) The ageing analysis of trade payables of the Group, based on invoice dates, at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
0 – 30 days	**6,516**	59,842
31 – 90 days	**7,771**	4,493
91 – 180 days	**19,770**	14,919
Over 180 days	**55,930**	7,560
	89,987	86,814

The average credit period on purchases of goods is 30 days (2024: 30 days) for the year ended 31 December 2025. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

28. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities arising from:		
Sales of goods of energy storage segment	**378**	372

The Group receives certain amount of the contract value as deposits from customers when they place their purchase order. This gives rise to contract liabilities at the start of a contract until the Group transferred the control of goods to the customers.

During the year ended 31 December 2025, revenue as of RMB372,000 (2024: nil) was recognised in the current year which relates to carried-forward contract liabilities.

29. DEPOSITS FROM FINANCE LEASE CUSTOMERS AND SUPPLIERS

Deposits from finance lease customers and suppliers represent security pledged to the Group for the corresponding finance lease customers. The amount of customer's and supplier's deposits of which the finance leases will be expired after twelve months from the end of reporting period is included under non-current liabilities. The balance on customer's and supplier's deposits of which the finance leases will be expired within twelve months from the end of reporting period is included in "trade and other payables" under current liabilities.

	2025 RMB'000	2024 RMB'000
Current liabilities		
Deposits from finance lease customers (included in trade and other payables) (note 27)	–	582

30. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
Unsecured bank borrowings classified as current liabilities	**9,900**	10,000
Carrying amount of bank borrowings repayable within one year	**9,900**	10,000

As at 31 December 2025, the bank borrowings were denominated in RMB, bore interest at fixed rate is 2.95% (2024: ranged from 3.05% to 3.2%) per annum and repay within one year for the purpose of operating use.

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31. LEASES

The Group as lessees

Right-of-use assets

	31 December 2025 RMB'000	2024 RMB'000
Properties leased for own use	**606**	702

During the year ended 31 December 2025, there are additions of approximately RMB756,000 and to right-of-use assets (2024: RMB421,000) due to new lease of properties for own use.

	Buildings RMB'000
Balance as at 1 January 2024	6,890
Additions	421
Termination of lease	(1,412)
Transfer to asset held for sale	(3,652)
Depreciation	(1,545)
Balance as at 31 December 2024 and 1 January 2025	702
Additions	756
Depreciation	(852)
Balance as at 31 December 2025	606

During the year ended 31 December 2025, the Group leases various properties in the PRC. Lease contracts are entered into a fixed term for 2 years (2024: within the range from 2 years to 10 years) with fixed payments.

31. LEASES *(CONTINUED)*

The Group as lessees (Continued)

Lease liabilities

	2025 RMB'000	2024 RMB'000
Non-current	**8**	56
Current	**434**	493
	442	549

During the year ended 31 December 2025, there are additions of approximately RMB756,000 to lease liabilities (2024: RMB421,000) due to new lease of properties for own use.

During the year ended 31 December 2024, the Group terminated leases of property leased for 5G base stations amounted to approximately RMB1,441,000 from lease liabilities. There is gain on early termination of leases of RMB29,000 for the year ended 31 December 2024. There is no terminated lease during the year ended 31 December 2025.

	2025 RMB'000	2024 RMB'000
Amounts payable under lease liabilities		
Within one year	**434**	493
After one year but within two years	**8**	56
	442	549
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(434)**	(493)
Amounts due for settlement after 12 months	**8**	56

	2025 RMB'000	2024 RMB'000
Amounts recognised in profit or loss		
Depreciation of right-of-use assets by class of underlying asset:		
Continuing operations		
Depreciation of properties leased for own use	**852**	1,200
Interest expenses on lease liabilities	**40**	44
Expenses relating to short-term leases	**367**	271
Discontinued operations		
Depreciation of properties leased for 5G base stations	**–**	345
Gain on termination of leases	**–**	(29)
Interest expenses on lease liabilities	**–**	84

During the year ended 31 December 2025, the total cash outflow for leases amounted to approximately RMB1,270,000 (2024: RMB1,707,000).

31. LEASES *(CONTINUED)*

The Group as lessees (Continued)

Lease liabilities (Continued)

Restrictions or covenants on leases

During the year ended 31 December 2025, lease liabilities of RMB756,000 are recognised with related right-of-use assets of HK$756,000 (2024: lease liabilities of RMB421,000 are recognised with related right-of-use assets of HK$421,000). The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

The Group as lessors – Operating lease

The Group leased out the 5G base stations site space as operating lease to independent third parties of varying terms. The leases typically run for period of 5 to 10 years. During the year ended 31 December 2025, the rental income was RMB525,000 (2024: RMB1,935,000). The operation of 5G base stations is discontinued during the year ended 31 December 2025 and 2024. Details are set out in note 11.

32. SHARE CAPITAL

	Number of shares	RMB'000
Registered domestic share capital and H Shares:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	**359,340,000**	359,340

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Plant and equipment		253	426
Intangible asset		1,123	1,376
Interests in subsidiaries		406,834	444,826
Amounts due from related companies (note b)		30,548	–
Right-of-use assets		–	283
Financial assets at FVTPL		10,572	4,910
Deferred tax assets		4,987	11,042
		454,317	462,863
Current assets			
Finance lease receivables		–	2,010
Accounts receivables		198,603	211,707
Prepayments, deposits and other receivables		1,237	344
Amounts due from subsidiaries (note a)		33,111	37,948
Amounts due from related companies (note b)		–	30,850
Tax receivables		–	1,025
Cash and cash equivalents		26,939	10,024
		259,890	293,908
Current liabilities			
Other payables and accruals		1,191	1,502
Amounts due to subsidiaries (note a)		321,883	318,266
Lease liabilities		–	285
Tax payables		321	–
		323,395	320,053
Net current liabilities		(63,505)	(26,145)
Net assets		390,812	436,718
EQUITY			
Share capital		359,340	359,340
Reserves	35	31,472	77,378
Total equity		390,812	436,718

Notes :

a. The amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

b. The amounts are trade in nature, unsecured, with credit period is 2 years (2024: 2 years) and a fixed interest rate as of 5% per annum (2024: 10% per annum), which management of the Group determines is at arm's length.

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34. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries are as follows:

Name	Form of business structure	Place of incorporation/ operation and principal activities	Issued and paid up capital	Proportion of ownership interest and voting power held by the Company 2025 %	2024 %
Directly Held					
杉杉富銀商業保理有限公司 Shan Shan Fullin Factoring Co., Ltd. ("**Fullin Factoring**")	A limited liability company	Provision of factoring services in the PRC	RMB50,000,000	**100**	100
北京杉杉醫療科技發展有限公司 Beijing Shan Shan Medical Technology Development Co., Ltd. ("**Beijing Medical**")	A limited liability company	Supply of medical equipment in the PRC	RMB33,710,000	**100**	100
天津富銀融資租賃有限公司 Tianjin Fullin Financial Leasing Co., Ltd.	A limited liability company	Provision of finance leasing in the PRC	RMB170,000,000	**100**	100
珠海富銀雲聯投資管理有限公司 Zhuhai Fuylin Yunlian Investment Management Co., Ltd. ("**FY Yunlian**")	A limited liability company	Investment activities and asset management in the PRC	RMB200,000,000	**100**	100
廣東元宇基石信息科技有限公司 Guangdong Yuanyu Cornerstone Information Technology Co., Ltd. ("**Yuanyu**")	A limited liability Company	Investment activities and asset management in the PRC	RMB510,000	**51**	51
Indirectly Held					
深圳滙信致達科技有限公司 Shenzhen Huixinzhida Technology Co., Ltd. (note b)	A limited liability Company	Tele- communication tower infrastructure business in the PRC	–	**51**	51
廣東壹登工程建設有限公司 Guangdong Yideng Engineering Construction Co., Ltd. (note c)	A limited liability company	Tele- communication tower infrastructure business in the PRC	–	**51**	51
江蘇安時商用儲能系统有限公司 Jiangsu Anshi Commercial Energy Storage System Co., Ltd. ("**Jiangsu Anshi**") (note a)	A limited liability company	Tele- communication tower infrastructure business in the PRC	RMB13,200,000	**60**	60
寧波杉杉合同能源管理有限公司 Ningbo Shanshan Contract Energy Management Co., Ltd. ("**Ningbo Shan Shan**") (note d)	A limited liability company	Research and development commercial energy storage system in the PRC	–	**60**	60
北京苑能科技有限公司 Beijing Yuanneng Technology Co., Ltd ("**Beijing Yuanneng**")	A limited liability company	Sales product of energy storage systems	RMB500,000	**48 (note e)**	48 (note e)
深圳安時能源技術有限公司 Shenzhen Anshi Energy Technology Co., Ltd.	A limited liability company	Information transmission, software and information technology services in the PRC	RMB300,000	**60**	60
深圳安時實業發展有限公司 Shenzhen Anshi Industrial Development Co., Ltd ("**Shenzhen Anshi**")	A limited liability company	Wholesales and retail business in the PRC	RMB300,000	**36 (note f)**	36 (note f)
兆潤實業有限公司 Siuyuen Industrial Co., Ltd	A limited liability company	Retail business in the HK	HKD 100,000	**60**	60
安時(上海)能源有限公司 Anshi (Shanghai) Energy Co., Ltd	A limited liability company	Sales product of energy storage systems	–	**60 (note g)**	–

34. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the both years and at the end of both years.

None of the subsidiaries have non-controlling interests that are material to the Group.

Note:

(a) Pursuant to agreement, subject to the fulfillment of the performance targets of Jiangsu Anshi for each of the years ending 2022, 2023 and 2024 (the "**Performance Targets**", each a "**Performance Target**") and the conditions precedent set out below each of FY Yunlian, third parties A and B, being the other shareholders of Jiangsu Anshi agreed to transfer certain portion of their respective equity interest in Jiangsu Anshi to third party C in the following manner:

(1) Upon fulfillment of the Performance Target of the net profit after tax of not less than 0 for the year ended 31 December 2022, FY Yunlian, third parties A and B shall, in proportion to their respective percentage of equity interest in Jiangsu Anshi, collectively transfer in aggregate 10% of the equity interest in the Jiangsu Anshi to third party C at a transfer price of 1.2 times the corresponding amount of registered capital (the "**First Transfer**");

(2) Upon fulfillment of the Performance Target of the growth in net assets value of not less than 20% for the year ended 31 December 2023 comparing the net assets value of Jiangsu Anshi as at 31 December 2023 with that of 31 December 2022 (excluding the change in the net asset value resulting from further capital contribution to Jiangsu Anshi (if any)), FY Yunlian, third parties A and B shall, in proportion to their respective percentage of equity interest in Jiangsu Anshi, collectively transfer in aggregate 10% of the equity interest in Jiangsu Anshi to third party C at a transfer price of 1.3 times the corresponding amount of registered capital (the "**Second Transfer**"); and

(3) Upon fulfillment of the Performance Target of the growth in net asset value of not less than 20% for the year ending 31 December 2024 comparing the net assets value of Jiangsu Anshi as at 31 December 2024 with that of 31 December 2023 (Excluding the change in the net assets value resulting from further capital contribution to Jiangsu Anshi (if any)), FY Yunlian, third parties A and B shall, in proportion to their respective percentage of equity interest in Jiangsu Anshi, collectively transfer in aggregate 9% of the equity interest in the Jiangsu Anshi to third party C at a transfer price of 1.4 times the corresponding amount of registered capital (the "**Third Transfer**").

Each of the First Transfer, the Second Transfer and the Third Transfer is conditional upon the following conditions precedent: (i) the Group having complied with the relevant requirements under the GEM Listing Rules and all applicable laws and regulations regarding the disposal of Jiangsu Anshi by the Group in respect of each of the First Transfer, the Second Transfer and the Third Transfer; and (ii) the capital contribution during the initial stage to be made by third party C having been fully paid.

The Performance Targets shall be determined in accordance with the financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the China Ministry of Finance.

Jiangsu Anshi has contribution to the Group's revenue and profit of RMB705,000 and RMB107,000 to the consolidated profit for the year ended 31 December 2022 upon the completion establishment and Jiangsu Anshi has not fulfill the growth in net assets value of not less than 20% for the year ended 31 December 2023 comparing with 31 December 2022.

The Group has contributed RMB13,200,000 among the total registered capital of RMB22,000,000 of Jiangsu Anshi. The remaining RMB8,800,000 capital is contributed by three third parties who classified as non-controlling interest to the Group, which third party C have not fully paid yet. FY Yunlian, third parties A and B did not transfer in aggregate 10% of equity interest in Jiangsu Anshi to third party C as at 31 December 2023.

For the year ended 31 December 2023, Jiangsu Anshi has not fulfill the net profit after tax of not less than 0 for the year ended 31 December 2023.

For the year ended 31 December 2024, Jiangsu Anshi has not fulfill the growth in net assets value of not less than 20% for the year ended 31 December 2024 comparing with 31 December 2024 and for the year ended 31 December 2023 comparing with 31 December 2023, respectively.

34. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Note: (Continued)

(b) The registered capital is RMB10,000,000 and it is still not yet paid up as at 31 December 2025 and 2024.

(c) The registered capital is RMB10,000,000 and it is still not yet paid up as at 31 December 2025 and 2024.

(d) The registered capital is RMB10,000,000 and it is still not yet paid up as at 31 December 2025. During the year ended 31 December 2024, the Group acquired additional 49% interest in Ningbo Shan Shan at consideration of RMB 4,210,000 and the Group's effective interest has increased from 30.6% to 60%.

(e) The Group owns 48% equity shares of Beijing Yuanneng. However, based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Beijing Yuanneng. The relevant activities of Beijing Yuanneng are determined by the board of directors of Beijing Yuanneng based on simple majority votes. Therefore, the directors of the Company concluded that the Group has control over Beijing Yuanneng and Beijing Yuanneng is consolidated in these financial statements.

(f) The Group owns 36% equity shares of Shenzhen Anshi. However, based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Shenzhen Anshi. The relevant activities of Shenzhen Anshi are determined by the board of directors of Shenzhen Anshi based on simple majority votes. Therefore, the directors of the Company concluded that the Group has control over Shenzhen Anshi and Shenzhen Anshi is consolidated in these financial statements.

(g) The Group newly set up Anshi (Shanghai) Energy Co., Ltd. during the year ended 31 December 2025, with a registered capital of RMB 10,000,000, which has not yet been paid up as at 31 December 2025.

35. RESERVES

The Company

	Capital reserve RMB'000 (note)	Statutory reserve RMB'000	Retained profits (accumulated losses) RMB'000	Total RMB'000
As at 1 January 2024	31,097	14,748	39,342	85,187
Loss and total comprehensive expense for the year	–	–	(7,809)	(7,809)
As at 31 December 2024 and 1 January 2025	**31,097**	**14,748**	**31,533**	**77,378**
Loss and total comprehensive expense for the year	**–**	**–**	**(45,906)**	**(45,906)**
As at 31 December 2025	**31,097**	**14,748**	**(14,373)**	**31,472**

Note:

The capital reserve of the Company represents the difference of the shares issued at premium over par value, net of share issue expenses.

36. RELATED PARTY TRANSACTIONS

(a) Other than as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related party during the years:

Name of related parties	Nature of transactions	2025 RMB'000	2024 RMB'000
Dayuan Tiandi	Income from factoring transaction	**213**	540
Longding Huayuan	Income from factoring transaction	**1,188**	1,554
	Lease payment (note)	**159**	152
	Interest on lease liabilities	**6**	13
Kuaiyi Tiandi	Income from factoring transaction	**191**	–

Note:

During the year ended 31 December 2023, the Group entered into a three-year lease in respect of property leased for own use from a related company of the Group. The amount of rent payable by the Group under the lease is RMB14,000 per month. At the commencement date of the lease, the Group recognised a right-of-use asset and a lease liability of RMB461,000. As at 31 December 2025, the carrying amount of such lease liabilities is approximately RMB41,000 (2024: RMB200,000). During the year ended 31 December 2025, the Group has made lease payment of RMB165,000 (2024: RMB165,000) to the related company.

(b) Compensation of key management personnel

Other than the remuneration paid to directors, supervisors and employees of the Group as set out in note 14, who are considered as the key management personnel of the Group, the Group did not have any other significant compensations to key management personnel.

The remuneration of the directors of the Company and key management personnel of the Group is determined by the board of directors of the Company having regard to the Group's operating results and individual performance.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2025 RMB'000	Financing cash flows RMB'000	Non-cash changes Interest expenses RMB'000	Transfer to asset held for sales RMB'000	New lease arrangement RMB'000	31 December 2025 RMB'000
Lease liabilities (note 31)	**549**	**(903)**	**40**	**–**	**756**	**442**
Bank borrowings (note 30)	**10,000**	**(409)**	**309**	**–**	**–**	**9,900**
	10,549	**(1,312)**	**349**	**–**	**756**	**10,342**

	1 January 2024 RMB'000	Financing cash flows RMB'000	Non-cash changes Interest expenses RMB'000	Transfer to asset held for sales RMB'000	New lease arrangement/ lease termination RMB'000	31 December 2024 RMB'000
Lease liabilities (note 31)	6,254	(1,436)	128	(3,377)	(1,020)	549
Bank borrowings (note 30)	5,000	4,762	238	–	–	10,000
	11,254	3,326	366	(3,377)	(1,020)	10,549

38. CAPITAL COMMITMENT

	2025 RMB'000	2024 RMB'000
Contracted for but not yet incurred:		
Commitments for investment in a fund	**12,023**	10,413

39. 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 bank borrowings and lease liabilities disclosed in notes 30 and 31, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure regularly. 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, new shares issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
At FVTPL:	**92,486**	71,075
At amortised cost	**385,221**	377,655
	477,707	448,730
Financial liabilities		
At amortised cost	**100,422**	99,909

(b) Financial risk management objectives and policies

The Group's major financial instruments include finance lease receivables, accounts receivables, amounts due from related companies and a non-controlling interest, deposits and other receivables, cash and cash equivalents, trade and other payables, bank borrowing and deposits from finance lease customers and suppliers. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. FINANCIAL INSTRUMENTS *(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 finance lease receivables, account receivables, amounts due from related companies and a non-controlling interest, cash and cash equivalents and other receivables and deposits. The carrying amounts of these balances represent the 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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors in the Group and changes in the operating results of the debtors.

Finance lease receivables, receivables from sale and leaseback transaction, trade receivables, other receivables and amounts due from related companies

As at 31 December 2025, the Group's concentration of credit risk on the finance lease receivables, receivables from sale and leaseback transaction, trade receivables and trade-related amounts due from related companies included five major counterparties accounting for 31% (2024: 53%) and the largest customers accounted for 15% (2024: 29%) of the Group's total revenue.

Receivables from operating leases

No concentration risk on the receivables from operating leases as at 31 December 2025 and 2024.

Cash and cash equivalents

Most of the Group's cash and cash equivalents are held in major reputable financial institutions in the PRC, which management believes are of high credit quality.

The Group is exposed to the concentration of geographic risk on revenue which is generated mostly from customers located in the PRC. The Group has closely monitor the business performance of these customers in the PRC and will considered diversifying its customer base as appropriate.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

Credit risk (Continued)

Amount due from a non-controlling interest

For amount due from a non-controlling interest, the directors of the Company make periodic individual assessment on the recoverability of the amount due from a non-controlling interest. The directors of the Company believe that there is no significant increase in credit risk of this amount since initial recognition and the Group provided impairment based on 12m ECL. The Group performs impairment assessment under ECL model on outstanding balances individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In accordance with the Guideline for Loan Credit Risk Classification issued by the CBRC, the Group has established a loan credit risk classification system and performs credit risk management based on loan classification in one of five categories. The Group classifies loans into the following five categories: normal, special-mention, substandard, doubtful and loss, of which substandard, doubtful and loss loans are regarded as non-performing loans. The five categories of loan classification into which the Group classifies its accounts receivable are set out below:

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

	Description	Finance lease receivables and trade receivables/ and amounts due from related companies	Other financial assets
Normal	Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis. (refer to as Stage 1)	Lifetime ECL – not credit impaired	12 month ECL
Special mention	Borrowers are able to service their loans currently, although repayment may be adversely affected by specific factors. (refer to as Stage 1)	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Substandard	Borrowers ability to service their loans is in question and they cannot rely entirely on normal operating revenues to repay principal and interest. Losses may ensue even when collaterals or guarantees are invoked. (refer to as Stage 2)	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Doubtful	Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collaterals or guarantees are invoked. (refer to as Stage 3)	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Loss	Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies	Amounts is written off	Amount is written off

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for finance lease receivables, receivables from sale-leaseback transactions, factoring receivables, trade receivables and receivables from operating leases as at 31 December 2025 and 2024.

31 December 2025	Notes	Internal credit rating	12m or lifetime ECL	Weighted average expected loss rate	Gross RMB'000	Loss allowance RMB'000	Net carry amount RMB'000
Finance lease receivables	19	Doubtful	Lifetime ECL (credit impaired)	100%	10,239	(10,239)	–
Receivables from sale and leaseback	20(a)	Doubtful	Lifetime ECL (credit impaired)	100%	12,541	(12,541)	–
Factoring receivables	20(b)	Normal	12m ECL	0.06%	133,690	(79)	133,611
		Special Mention	Lifetime ECL (not credit impaired)	0.41%	51,960	(212)	51,748
		Substandard	Lifetime ECL (credit impaired)	59.25%	34,359	(20,358)	14,001
Trade receivables	20(c)	Normal	Lifetime ECL (not credit impaired)	–	47,747	–	47,747
		Special Mention	Lifetime ECL (not credit impaired)	0.25%	24,597	(61)	24,536
		Special Mention Substandard	Lifetime ECL (credit impaired)	9.87%	45,637	(4,505)	41,132
Receivables from operating leases	20(d)	Normal	12m ECL	–	459	–	459
		Special Mention	Lifetime ECL (not credit impaired)	0.35%	3,436	(12)	3,424
		Doubtful	Lifetime ECL (credit impaired)	60.01%	1,453	(872)	581
Amounts due from related companies	25	Normal	Lifetime ECL (not credit impaired)	1.14%	30,900	(352)	30,548
Amount due from a non-controlling interest	25	Normal	12m ECL	–	1,900	–	1,900
Other receivables and deposits	24	Substandard	Lifetime ECL (credit impaired)	30.91%	4,591	(1,419)	3,172
Cash and cash equivalents	26	Normal	12m ECL	–	32,362	–	32,362
					435,871	(50,650)	385,221

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

Credit risk (Continued)

31 December 2024	Notes	Internal credit rating	12m or lifetime ECL	Weighted average expected loss rate	Gross RMB'000	Loss allowance RMB'000	Net carry amount RMB'000
Finance lease receivables	19	Doubtful	Lifetime ECL (credit impaired)	81.69%	**10,977**	**(8,967)**	**2,010**
Receivables from sale and leaseback	20(a)	Doubtful	Lifetime ECL (credit impaired)	47.35%	**14,918**	**(7,064)**	**7,854**
Factoring receivables	20(b)	Normal	12m ECL	0.04%	**177,000**	**(69)**	**176,931**
		Special Mention	Lifetime ECL (not credit impaired)	0.44%	**6,500**	**(29)**	**6,471**
		Substandard	Lifetime ECL (credit impaired)	45.50%	**40,274**	**(18,325)**	**21,949**
Trade receivables	20(c)	Normal	Lifetime ECL (not credit impaired)	0.38%	**78,694**	**(303)**	**78,391**
		Special Mention	Lifetime ECL (not credit impaired)	2.50%	**15,146**	**(380)**	**14,766**
		Doubtful	Lifetime ECL (credit impaired)	46.78%	**5,981**	**(2,798)**	**3,183**
Receivables from operating leases	20(d)	Normal	12m ECL	–	**1,723**	**–**	**1,723**
		Special Mention	Lifetime ECL (not credit impaired)	0.30%	**2,691**	**(8)**	**2,683**
Amounts due from related companies	25	Normal	Lifetime ECL (not credit impaired)	–	**30,850**	**–**	**30,850**
Amount due from a non-controlling interest	25	Normal	12m ECL	–	**1,900**	**–**	**1,900**
Other receivables and deposits	24	Normal	12m ECL	2.85%	**2,951**	**(84)**	**2,867**
Cash and cash equivalents	26	Normal	12m ECL	–	**26,077**	**–**	**26,077**
					415,682	**(38,027)**	**377,655**

There has been no change in the estimation techniques or significant assumptions made during the years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations and also in respect of its cash flow management.

The Group's policy is to maintain sufficient cash and bank balances and has available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

The following tables details the Group's remaining contractual maturities for its non-derivative financial liabilities at the end of the reporting period. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables below include both interest and principal cash flows.

	On demand RMB'000	Within 1 year RMB'000	1 to 2 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2025					
Trade and other payables	**90,522**	**–**	**–**	**90,522**	**90,522**
Bank borrowing	**–**	**10,192**	**–**	**10,192**	**9,900**
	90,522	**10,192**	**–**	**100,714**	**100,422**
Lease liabilities	**–**	**462**	**8**	**470**	**442**

	On demand RMB'000	Within 1 year RMB'000	1 to 2 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2024					
Trade and other payables	89,327	–	–	89,327	89,327
Bank borrowing	–	10,305	–	10,305	10,000
Deposits from finance lease customers and suppliers (note 29)	582	–	–	582	582
	89,909	10,305	–	100,214	99,909
Lease liabilities	–	506	56	562	549

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value on future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing the risk of changes in market interest rate, and fixed interest rate instruments will result in the Group fair value interest rate risk.

Other than cash and cash equivalents, finance lease and accounts receivables, bank borrowing and lease liabilities, the Group does not have any other significant interest-bearing financial assets and liabilities. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The Group's interest rate risk arises primarily from the floating rate cash and cash equivalent. The Group is exposed to cash flow interest rate risk in relation to cash and cash equivalent. The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and lease liabilities.

At 31 December 2025, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss for the year by approximately RMB83,000 (2024: RMB58,000). For a general decrease of 50 basis points in interest rates, with all other variables held constant, there would be an equal and opposite impact on the Group's loss for the year. No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates.

The sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at each of reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next reporting date.

The measures to manage interest rate risk have been followed by the Group for the year and are considered to be effective.

Currency risk

The Group mainly operates and invests in the PRC with most of the transactions denominated and settled in RMB. All the financial assets and financial liabilities are denominated in RMB, which is the functional currency of the Company and the subsidiaries in the PRC to which these transactions relate and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. For equity securities measured at FVTPL, the management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. If the prices of the respective equity instruments had been 5% (2024: 5%) higher/lower: loss for the year ended 31 December 2025 would decrease/increase by RMB4,624,000 (2024: pre tax profit decrease/increase by RMB3,553,000) as a result of the changes in fair value of financial assets at FVTPL.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

Fair value

The following table provides an analysis of financial instruments 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			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial asset at FVTPL				
– Preference shares of an unlisted investment	–	–	10,572	10,572
– Interests in Zhuhai Huihe	–	–	41,955	41,955
– Interests in Beijing Shuncheng	–	–	20,341	20,341
– Interests in Shenzhen Divbio	–	7,599	–	7,599
– Interests in Yixing (note)	–	–	12,019	12,019
Total	–	7,599	84,887	92,486

	2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial asset at FVTPL				
– Preference shares of an unlisted investment	–	–	5,723	5,723
– Interests in Zhuhai Huihe	–	–	19,817	19,817
– Interests in Beijing Shuncheng	–	–	22,202	22,202
– Interests in Shenzhen Divbio	–	14,350	–	14,350
– Interests in Yixing (note)	–	–	8,983	8,983
Total	–	14,350	56,725	71,075

Note:

For the year ended 31 December 2025 and 2024, there were no transfers between levels during the both years.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

The Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial instruments measured at fair value

Financial assets	Notes	Fair value as at 2025 RMB'000	2024 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)	Relationship of unobservable input to fair value	Sensitivity of fair value to the input(s)
Financial asset at FVTPL								
– Preference shares of an unlisted investment	17	**10,572**	5,723	Level 3	Using the option pricing model based on assumptions that are supported by the transaction of preferred stocks in the investee company	2025 Marketability discount:16.87% (2024: 21.9%)	The higher marketability discount, the lower the fair value	2025: 5% increase/(decrease) in marketability would result in (decrease)/increase in fair value of approximately RMB612,775 (2024: RMB102,033)
– Interests in Zhuhai Huihe	17	**41,955**	19,817	Level 3	Based on the investee's financial performance using guideline public company method and recent transaction price	2025: Marketability discount: 15.7% (2024: 15.6%)	The higher marketability discount, the lower the fair value	2025: 5% increase/(decrease) in marketability would result in (decrease)/increase in fair value of approximately RMB35,000 (2024: RMB63,000)

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial instruments measured at fair value (Continued)

Financial assets	Notes	Fair value as at 2025 RMB'000	Fair value as at 2024 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)	Relationship of unobservable input to fair value	Sensitivity of fair value to the input(s)
– Interests in Beijing Shuncheng	17	**20,341**	22,202	Level 3	Based on the investee's financial performance using guideline public company method and recent transaction price	2025: Marketability discount: 15.7% (2024: 15.6%)	The higher marketability discount, the lower the fair value	2025: 5% increase/(decrease) in marketability would result in (decrease)/increase in fair value of approximately RMB66,000 (2024: RMB52,000)

Note:

During the year ended 31 December 2025, the recent transaction price was adopted as the consideration for the recent investment is deemed equal to fair value.

– Interests in Shenzhen Divbio	17	**7,599**	11,300	Level 2	Recent transaction price	N/A	N/A	N/A
– Interests in Yixing	17	**12,019**	8,983	Level 3	2025: Based on recent transaction price adjusted by reference to the changes in market capitalisations of the comparable companies between the transaction date and valuation date. 2024: Based on the investee's financial performance using guideline public company method and recent transaction price	2025: Adjustment factor for the changes in market capitalisations of the comparable companies between the transaction date and valuation date. 2024: Marketability discount: 15.6%	2025: The higher adjustment factor, the higher the fair value 2024: The higher marketability discount, the lower the fair value	2025 5% increase/(decrease) in adjustment factor would result in increase/(decrease) in fair value of approximately RMB48,000 2024: 5% increase/(decrease) in marketability would result in (decrease)/increase in fair value of approximately RMB 4,000

41. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025 there are additions of approximately RMB756,000 to lease liabilities (2024 RMB421,000) due to new lease of properties for own use.

During the year ended 31 December 2024, the Group terminated leases of property leased for 5G base stations amounted to approximately RMB1,441,000 to lease liabilities. There is gain on early termination of leases of RMB29,000 for the year ended 31 December 2024. There is no terminated lease during the year ended 31 December 2025.