

SAFTOWER

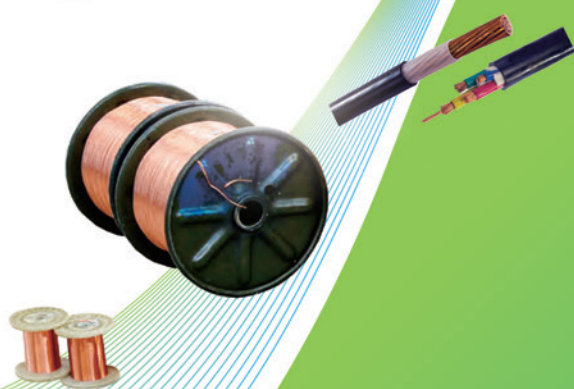
蜀塔集团

中國蜀塔國際控股集團有限公司

China Saftower International Holding Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8623



ANNUAL REPORT
2025

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Dang Fei (*Chairman and Chief Executive Officer*)
Mr. Wang Xiaozhong
Ms. Luo Xi
Mr. Li Xia (*resigned on 18 July 2025*)
Ms. Hu Yi
Ms. Zhou Wenqi (*appointed on 18 July 2025*)
Mr. Cheung Wai Yin Wilson (*appointed on 18 July 2025*)
Mr. Wang Yifan (*resigned on 6 August 2025*)

Independent non-executive Directors

Dr. Zuo Xinzhang
Mr. Ma Kaibing (*resigned on 17 October 2025*)
Mr. Li Jian
Mr. Tsang Hing Bun (*appointed on 10 November 2025 and resigned on 27 March 2026*)
Mr. Wang Zhenxing (*appointed on 17 October 2025 and resigned on 10 November 2025*)
Mr. Hu Chengbing (*appointed on 27 March 2026*)

COMPANY SECRETARY

Mr. Woo Yuen Ping

COMPLIANCE OFFICER

Mr. Wang Xiaozhong

AUTHORISED REPRESENTATIVES

Mr. Woo Yuen Ping
Mr. Dang Fei

AUDIT COMMITTEE

Mr. Hu Chengbing (*Chairperson*)
Dr. Zuo Xinzhang
Mr. Li Jian

REMUNERATION COMMITTEE

Mr. Li Jian (*Chairperson*)
Dr. Zuo Xinzhang
Mr. Hu Chengbing

NOMINATION COMMITTEE

Mr. Dang Fei (*Chairperson*)
Ms. Luo Xi
Dr. Zuo Xinzhang
Mr. Hu Chengbing
Mr. Li Jian

INDEPENDENT AUDITOR

Rongcheng (Hong Kong) CPA Limited
(formerly known as "CL Partners CPA Limited")
(Certified Public Accountants)
(Registered Public Interest Entity Auditor)

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 9, Huaide Road, Sichuan-Zhejiang Cooperation Industrial Park, Guangyuan Economic and Technological Development Zone, Guangyuan, Sichuan Province, the PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Chinachem Golden Plaza,
No. 77 Mody Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Company Limited
Chengdu Pidu Branch
No. 178-188, Kehua Second Road,
Pitong Town
Pidu District, Chengdu
Sichuan Province
PRC

Bank of China Limited
Pidu Branch
No. 2 South Street
Pidu District, Chengdu
Sichuan Province
PRC

Chengdu Rural Commercial Bank Company Limited
Pidu Hongxing Branch
No. 198 Wangcong East Road,
Pitong Town
Pidu District, Chengdu
Sichuan Province
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Appleby Global Services (Cayman) Limited
71 Fort Street, PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8623

COMPANY'S WEBSITE

www.saftower.cn

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of China Saftower International Holding Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**” or “**us**”), I am pleased to present the annual results of the Group for the year ended 31 December 2025.

The past year has been exceptionally challenging, marked by intensified market competition, persistent liquidity pressures, and significant financial headwinds. As I noted in my statement last year, we had laid the groundwork for a more robust and streamlined Group. However, the anticipated benefits of our strategic initiatives, including the commissioning of our new polymer cable material plant, were unfortunately overshadowed by a severe deterioration in the recoverability of our trade receivables and a substantial increase in asset impairments.

As a result, the Group recorded a net loss attributable to owners of the Company of approximately RMB107.2 million for 2025, a significant increase from the loss of RMB58.8 million in 2024. Our total revenue remained stable at RMB256.2 million (2024: RMB256.6 million). However, the Group turned from a gross profit of RMB1.0 million in 2024 to a gross loss of RMB1.5 million in 2025. The most significant factor contributing to the widened loss was the sharp increase in net impairment losses on trade and other receivables, which rose to RMB77.5 million (2024: RMB43.9 million). This reflects the difficult credit environment and the aging of certain customer accounts.

Despite these severe financial setbacks, we continued to make operational progress in several key areas:

- **Product Portfolio Optimization:** Revenue from our strategic polymer cable materials segment grew by 20.7% year-on-year to RMB24.5 million. This demonstrates the potential of our diversification strategy, which we initiated last year, to reduce reliance on traditional, more competitive wires and cables.
- **Cost Control:** Our stringent cost-control measures, as highlighted in our 2024 outlook, have continued to yield results. Selling and distribution expenses decreased by 58.0% to RMB1.5 million, while administrative and other expenses were reduced by 12.0% to RMB23.4 million.
- **Debt Restructuring Progress:** As of 31 December 2025, total borrowings were reduced to RMB56.2 million from RMB72.5 million in 2024. However, the Group faced increased default risk, with borrowings in default totaling RMB25.6 million. We are actively negotiating with lenders for extensions and restructuring.
- **Operational Adjustments:** To streamline operations and address financial pressures, we completed the disposal of Sichuan Liangdian Technology Limited and, in January 2026, completed the disposal of Sichuan Xinhaoyue New Materials Co., Ltd., as part of our ongoing asset rationalization.

Looking ahead, we are realistic about the significant financial uncertainties we face. Our primary and urgent focus for 2026 is to stabilize our financial position and resolve the going concern issues raised by our auditor. We will relentlessly pursue the following key measures:

1. **Debt Restructuring & Liquidity Management:** We are intensifying negotiations with banks and creditors to secure extended repayment terms, renew banking facilities, and explore further asset disposals. We will also implement strict control over the recovery of all outstanding receivables to improve our net liability position and cash flow.
2. **Core Business Stabilization:** We will continue to focus on our core wires and cables business while strategically developing our polymer materials segment, which has shown promising growth. We aim to leverage the long-term framework sales agreements and supply contracts mentioned in last year's report to secure stable revenue.

CHAIRMAN'S STATEMENT

3. Stringent Cost Control: We will maintain rigorous control over all administrative and operational expenditures, optimizing our workforce and production processes to reduce cash outflows and improve efficiency.
4. Seek New Strategic Financing: We are actively exploring alternative sources of financing and potential strategic capital investments to inject new equity and liquidity into the Group.

While the national policies supporting State Grid upgrades and ultra-high voltage (UHV) transmission projects continue to provide a favorable macro-environment for the wire and cable industry, our immediate priority is survival and financial rehabilitation. We believe that the strategic initiatives undertaken to restructure our product portfolio and control costs will eventually bear fruit once our financial foundation is stabilized.

I would like to extend my deepest gratitude to our employees for their resilience and dedication during this extraordinarily difficult year. I also thank our shareholders, creditors, and partners for their continued patience and support.

On behalf of the Board

Dang Fei

Chairman and Executive Director

30 March 2026

FINANCIAL HIGHLIGHTS

CONSOLIDATED FINANCIAL PERFORMANCE

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	256,159	256,610
Loss before tax	(121,780)	(61,615)
Loss for the year attributable to the owners of the Company	(107,169)	(58,836)

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December	
	2025 RMB'000	2024 RMB'000
<i>Assets</i>		
Non-current assets	70,894	111,842
Current assets	44,129	160,957
Total assets	129,381	272,799
<i>Equity and liabilities</i>		
Total (deficit) equity	(100,143)	12,468
Non-current liabilities	13,764	35,609
Current liabilities	199,144	224,722
Total liabilities	229,524	260,331
Total equity and liabilities	129,381	272,799
Net current liabilities	(157,273)	(63,765)
Total assets less current liabilities	(86,379)	48,077

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a regional manufacturer and supplier of wires and cables, with integrated production facilities situated in Sichuan Province, the People's Republic of China (the "PRC"). To diversify our business and enhance our product portfolio, the Group has also engaged in the manufacturing and sales of polymer cable materials.

During the year ended 31 December 2025, the Group generated revenue primarily from two main segments:

1. Manufacturing and sales of wires and cables
2. polymer cable materials

The Group served a large number of customers, mainly power companies, manufacturing enterprises, construction and renovation companies, and trading companies. During the year, the Group faced a highly challenging operating environment, characterized by intense market competition and liquidity pressures.

Despite these financial challenges, our integrated production facilities in Sichuan Province continued to operate. The Group has been actively negotiating with lending banks and other lenders for the renewal or extension of outstanding borrowings to mitigate liquidity pressures. We have also strengthened our risk management processes and implemented strict internal controls to control administrative costs through human resources optimization and capital expenditure control that increases accounts receivable risks.

PROSPECTS

Looking ahead, the Group acknowledges the significant financial uncertainties and liquidity pressures it currently faces. Our primary focus for the coming year will be on stabilizing our financial position, resolving the going concern issues, and optimizing our core operations. Our outlook and strategic focus will center on the following key areas:

1. **Debt Restructuring and Liquidity Management:** Actively negotiating with banks and creditors to extend repayment terms, renew banking facilities, and explore potential disposal of certain subsidiaries or assets while implementing strict control over the recovery of receivables to alleviate immediate liquidity pressures and improve our net liability position.
2. **Product Optimization:** Continuing to focus on our core wires and cables business while strategically developing our polymeric materials and aluminium products segment, which demonstrated revenue growth during the year.
3. **Cost Control and Operational Efficiency:** Implementing stringent cost-saving measures, streamlining production processes, and optimizing supply chains and human resource costs to reduce cash outflows and improve overall operational efficiency.
4. **Strategic Partnerships and Financing:** Seeking alternative sources of financing and exploring opportunities for strategic capital investments to inject new equity and liquidity into the Group.

While the current financial situation is difficult, the national policies supporting the upgrading of the State Grid and the development of ultra-high voltage (UHV) transmission projects continue to provide a favorable macro-environment for the wire and cable industry. The Group will strive to leverage these industry opportunities once its financial foundation is stabilized.

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of our revenue derived from our major operating subsidiaries by key product types during the review periods:

	For the year ended 31 December		
	Revenue 2025 RMB'000	Revenue 2024 RMB'000	Change %
Manufacturing and sales of wires and cables	231,692	236,332	(2.0%)
Manufacturing and sales of polymer cable materials	24,467	20,278	20.7%
Total	256,159	256,610	(0.2%)

- The Group recorded a total turnover of approximately RMB256.2 million in 2025, reflecting a slight decrease of 0.2% compared to approximately RMB256.6 million in 2024.
- The slight decrease in overall revenue was mainly due to a drop in the sales of traditional wires and cables, which was largely offset by a 19.6% increase in the sales of polymer cable materials, reflecting the Group's ongoing adjustment of its product mix.

Cost of Sales

- The cost of sales increased from approximately RMB255.6 million in 2024 to approximately RMB257.7 million in 2025, representing an increase of approximately RMB2.1 million (0.8%).
- The increase in cost of sales, despite a slight drop in revenue, was primarily due to the fluctuation in raw material prices and increased production overheads.

Gross Loss/Profit and Gross Margin

- The Group recorded a gross loss of approximately RMB1.5 million in 2025, turning around from a gross profit of approximately RMB1.0 million in 2024.
- The gross profit margin dropped from 0.4% in 2024 to a gross loss margin of (0.6)% in 2025, mainly due to higher production costs that could not be fully passed on to customers amid intense market competition.

Other Income and Other Gains and Losses, Net

- Other income increased slightly from approximately RMB5.6 million in 2024 to approximately RMB6.1 million in 2025, mainly due to an increase in rental income.
- The Group recorded other gains and losses, net of approximately RMB2.2 million in 2025, compared to other gains and losses, net of approximately RMB14.5 million in 2024. This significant negative turnaround was primarily due to the absence of a one-off gain on the derecognition of trade payables (RMB14.5 million) that was recorded in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

- Selling and distribution expenses decreased by approximately RMB1.8 million (54.8%) from approximately RMB3.2 million in 2024 to approximately RMB1.4 million in 2025. The decrease was mainly due to the Group's strict cost-control measures implemented during the year.

Administrative and Other Expenses

- Administrative and other expenses decreased by approximately RMB3.2 million (12%), from approximately RMB26.6 million in 2024 to approximately RMB23.4 million in 2025. The decrease was primarily attributable to the Group's stringent cost control measures implemented during the year, including optimisation of human resources and reduction in discretionary overheads.

Impairment Losses

- **Impairment losses on trade and other receivables, net:** Increased significantly from approximately RMB43.9 million in 2024 to approximately RMB77.5 million in 2025. This was due to the increase in expected credit losses (ECL) provision as a result of the aging of certain trade receivables and the worsening credit profiles of certain customers.
- **Impairment losses on property, plant and equipment:** Increased significantly from approximately RMB2.0 million in 2024 to approximately RMB17.4 million in 2025, based on the impairment assessment of the Group's cash-generating units due to the challenging operating environment.

Finance Costs

- Finance costs increased from approximately RMB7.1 million in 2024 to approximately RMB8.9 million in 2025, mainly due to the increase in default interest and penalties associated with overdue borrowings during the year.

Income Tax Credit (Expense)

- The Group recorded an income tax credit of approximately RMB0.5 million in 2025, compared to an income tax expense of approximately RMB6.6 million in 2024. The change was primarily due to the reversal of deferred tax liabilities during the year.

Loss for the Year

- As a result of the factors explained above — most notably the significant impairment losses on receivables and property, plant and equipment, coupled with the loss on derecognition of prepayments — the net loss of the Group widened to approximately RMB121.3 million in 2025, compared to a net loss of approximately RMB68.2 million in 2024.

Liquidity, Financial Resources, and Gearing

The Group primarily financed its operations through cash generated from operations and borrowings. During the year, the Group faced severe liquidity challenges.

	As at 31 December	
	2025 (RMB'000)	2024 (RMB'000)
Bank balances & cash	246	1,776
Total borrowings	56,181	72,528
Total equity/(deficit)	(100,143)	12,468
Gearing ratio	N/A*	675%

* The gearing ratio (calculated as net debt divided by total equity) is not applicable as at 31 December 2025 due to the Group recording a total equity deficit of approximately RMB100.1 million.

As at 31 December 2025, the Group had net current liabilities of approximately RMB157.3 million (2024: RMB63.8 million). The Group was in default of borrowings with a principal amount of approximately RMB25.6 million. The Directors are actively undertaking plans and measures, including negotiating with lenders for extensions and seeking new sources of financing, to improve the Group's liquidity and financial position.

CHARGES ON GROUP'S ASSETS

As at 31 December 2025, the following assets were pledged to secure the Group's bank and other borrowings:

- Buildings with an aggregate net carrying amount of approximately RMB28,641,000 as at 31 December 2025 (31 December 2024: RMB40,373,000);
- Land use rights with an aggregate net carrying amount of approximately RMB1,377,000 as at 31 December 2025 (31 December 2024: RMB5,901,000);
- Plant and machinery with an aggregate net carrying amount of approximately nil as at 31 December 2025 (31 December 2024: RMB2,523,000).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

	2025 (RMB'000)	2024 (RMB'000)
Commitment to contribute capital to subsidiaries (Note (a))	6,200	10,810

Note:

(a) In August 2024, the Group established Hainan Saftower, a company engaged in investment holding, in which the Group will make a capital contribution of RMB5,100,000 and hold 100% of its total interests. It is required to pay up its respective committed registered capital on or before 31 December 2028 pursuant to the Memorandum and Articles of Association.

In August 2024, the Group and an individual third party established Fuzhou Dasong, a company engaged in software development, technical services, and the operation of nonmotor vehicle charging facilities, in which the Group will make a capital contribution of RMB510,000 and hold 51% of its total interests. It is required to pay up its respective committed registered capital on or before 14 August 2029 pursuant to the Memorandum and Articles of Association. During the year ended 31 December 2024, the Group contributed an amount of RMB100,000 to Fuzhou Dasong.

In December 2025, the Group established Sichuan Feibiao New Materials Co., Ltd., a company principally engaged in new materials technology research and development, technology promotion, and application services, as well as the sales of electronic machinery, wires and cables, and non-ferrous metal materials. The Group will contribute RMB1,000,000 as capital and hold 100% of its total equity interest. Pursuant to its Memorandum and Articles of Association, the Group shall pay up its respective committed registered capital on or before 22 December 2030.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2025.

LITIGATIONS

There was no significant litigation at 31 December 2025.

CORPORATE GOVERNANCE REPORT

The Company and the board of directors of the Company (the “**Board**”) recognise the importance of good corporate governance in management and internal control procedures so as to achieve accountability. The Board is committed to maintaining, and ensuring that the Company adheres to, a high standard of corporate governance practices to safeguard the interests of its shareholders.

The Board establishes the Company’s purpose, values and strategy, and is satisfied that these and the corporate culture of the Group are aligned. The Board seeks to promote a culture of integrity, accountability, lawful, ethical and responsible conduct across the Group, and considers that such culture supports the long-term sustainable development of the Company and the creation of long-term value for its shareholders and stakeholders.

The Group’s corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in the Appendix C1 to the GEM Listing Rules. During the year ended 31 December 2025 and up to the date of this report, the Company has complied with all the applicable code provisions of the CG Code except for code provision C.2.1 which requires the separation of the roles of chief executive officer and the chairman by different individuals.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “**Share(s)**”). The Company has made specific enquiries to all the Directors, all of whom have confirmed that they have fully complied with the required standard of dealings set out in the Model Code since the Listing Date and up to the date of this report. No incident of non-compliance was noted by the Company since the Listing Date and up to the date of this report.

BOARD OF DIRECTORS

The overall management of the Company’s business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management (the “**Senior Management**”). The delegated functions and work tasks are periodically reviewed. The Board has the full support from the executive Directors and the Senior Management of the Company to discharge its responsibilities.

The Board is currently comprised of the following members:

Executive Directors

Mr. Dang Fei (*Chairman and Chief Executive Officer*)

Mr. Wang Xiaozhong

Ms. Luo Xi

Ms. Zhou Wenqi

Ms. Hu Yi

Mr. Cheung Wai Yin Wilson

Independent Non-Executive Directors

Dr. Zuo Xinzhang

Mr. Li Jian

Mr. Hu Chengbing

The biographical information of the Directors are set out in the section headed “Directors and Senior Management” on pages 70 to 73 in this report.

CORPORATE GOVERNANCE REPORT

The length of tenure and current period of appointment of the Directors as at the date of this annual report are set out below:

Name of Director	Position	Date of first appointment as Director	Length of tenure as at the date of this annual report
Mr. Dang Fei	Chairman and Chief Executive Officer	9 October 2018 (appointed as director) 22 May 2019 (re-designated as executive director)	7 years and 5 months
Mr. Wang Xiaozhong	Executive Director	9 October 2018 (appointed as director) 22 May 2019 (re-designated as executive director)	7 years and 5 months
Ms. Luo Xi	Executive Director	22 May 2019	6 years and 10 months
Ms. Hu Yi	Executive Director	19 January 2024	2 years and 2 months
Ms. Zhou Wenqi	Executive Director	18 July 2025	8 months
Mr. Cheung Wai Yin Wilson	Executive Director	18 July 2025	8 months
Dr. Zuo Xinzhang	Independent Non-executive Director	10 June 2020	5 years and 9 months
Mr. Li Jian	Independent Non-executive Director	29 December 2023	2 years and 3 months
Mr. Hu Chengbing	Independent Non-executive Director	27 March 2026	1 month

Save as disclosed under the paragraph headed “Chairman and Chief Executive Officer” and in the section headed “Directors and Senior Management” of this report, each of the Board members has no financial, business, family or other material or relevant relationships with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1, the role of the chairman and chief executive officer of the Company should be separately taken by different individuals. Currently, Mr. Dang Fei is the chairman and the chief executive officer of the Company. The Board is of the view that Mr. Dang Fei carrying out both roles can bring strong and consistent leadership for the Group and that such arrangement will be beneficial to the Company and its business.

The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. The Directors are aware that the Company is expected to comply with the CG Code. Save as disclosed above, the Company will continue to comply with the CG Code to protect the best interests of the shareholders of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Mechanism ensuring sufficient independence views to the Board

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the GEM Listing Rules from time to time). Apart from complying with the requirements prescribed by the GEM Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

The Board has met the requirements of rules 5.05 and 5.05A of the GEM Listing Rules of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications.

Independence Assessment

The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the GEM Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.

The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement.

The Company has received confirmations of independence from Dr. Zuo Xinzhang, Mr. Hu Chengbing and Mr. Li Jian, being the independent non-executive Directors, in accordance with rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

Decision Making

All Directors (including independent non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including independent non-executive Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his close associates has a material interest.

The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

TERM OF APPOINTMENT OF DIRECTORS

The articles of association of the Company (the "**Articles of Association**") provides that at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

BOARD COMMITTEES

The Board has established three committees, namely the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). Each committee has its own written terms of reference and is responsible to make recommendations to the Board. All of the Board Committees are allocated with sufficient resources to discharge their duties.

Audit committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph D.3.3 of the CG Code pursuant to a resolution of our Directors passed on 10 June 2020. The primary duties of the Audit Committee are, among others, to make recommendation to our Board on the appointment, reappointment and removal of the external auditor, monitor integrity of our financial statements, review significant financial reporting judgements contained in them, oversee our financial reporting, internal control, risk management systems and audit process and perform other duties and responsibilities assigned by the Board.

At present, the Audit Committee comprises Mr. Hu Chengbing, Dr. Zuo Xinzhang and Mr. Li Jian, all being our independent non-executive Directors. Mr. Hu Chengbing is the chairperson of the Audit Committee.

During the Year, the Audit Committee had held four meetings. Attendance of each Audit Committee member in Audit Committee meeting is set out under the paragraph headed “Board meetings and general meetings” of this report. A summary of the work performed by the Audit Committee is listed below:

- reviewed the Group’s annual financial statements for the year ended 31 December 2024, and interim financial statements for the six months ended 30 June 2025, the related result announcements, documents and other matters or issues raised by the external auditor of the Company;
- reviewed the terms of engagement of the external auditor of the Company (including the annual audit plan, scope of work and fee payable to the external auditor);
- recommended to the Board, for the approval by shareholders, of the re-appointment of the external auditor; and
- discussed and confirmed with the management the effectiveness of the Group’s financial reporting process, risk management and internal control systems covering all material controls, including financial, operational and compliance controls. In particular, the review has considered the adequacy of resources, qualifications and experience of staff of the Company’s accounting, internal audit and financial reporting functions, and their training programmes and budget.

The Company’s annual results and annual report for the year ended 31 December 2025 have been reviewed by the Audit Committee, which opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

Remuneration committee

The Company established the Remuneration Committee on 10 June 2020 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph E.1.2 of the CG Code. The primary duties of our Remuneration Committee are, among others, to review and approve the management’s remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and Senior Management and ensure none of our Directors or their associates are involved in deciding their own remuneration.

At present, our Remuneration Committee comprises Mr. Li Jian, Dr. Zuo Xinzhang and Mr. Hu Chengbing, all being our independent non-executive Directors. Mr. Li Jian is the chairperson of our remuneration committee.

Attendance of each Remuneration Committee member in Remuneration Committee meeting is set out under the paragraph headed “Board meetings and general meetings” of this report.

During the Year, the Remuneration Committee has assessed the performance of executive Directors and reviewed the remuneration and compensation package of the Directors and Senior Management with reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the Senior Management and the performance of the Group, and approved that the remuneration and compensation package remained unchanged, and the proposal to pay performance bonus to certain Directors was based on the performance of the Group in 2025.

Details of the Directors’ remuneration are set out in note 12 to the consolidated financial statements.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the Senior Management by band for the Year:

Remuneration band (RMB)	Number of person(s)
Nil to 1,000,000	8
1,000,001 to 1,500,000	—
1,500,001 to 2,000,000	—
2,000,001 to 2,500,000	—

Nomination committee

The Company established the Nomination Committee on 10 June 2020 with written terms of reference in compliance with paragraph B.3.1 of the CG Code. The primary duties of the Nomination Committee are, among others, to review the structure, size, composition and diversity of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, the Nomination Committee comprises Mr. Dang Fei, Ms. Luo Xi, Dr. Zuo Xinzhang, Mr. Hu Chengbing and Mr. Li Jian. Mr. Dang Fei is the chairperson of the Nomination Committee.

Attendance of each Nomination Committee member in Nomination Committee meeting is set out under the paragraph headed “Board meetings and general meetings” of this report.

Nomination policy

During the Year, the Nomination Committee held a meeting, considered and recommended the nomination policy to the Board. The Board thus approved and adopted the nomination policy, which establishes written guidelines to the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, and finance and management skills to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria should be considered:

- (i) the candidate’s character and integrity;
- (ii) the candidate’s qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy (as defined below) that are relevant to the Company’s business and corporate strategy;
- (iii) any measurable objectives adopted for achieving diversity on the Board;
- (iv) for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;

- (v) any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (vi) willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- (vii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures

The Board has put in place the following director nomination procedures:

(a) Appointment of New and Replacement Directors

- (i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.
- (ii) Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee/Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

(b) Re-election of Director at General Meeting

Retiring Directors are eligible for nomination by the Board to stand for re-election at the general meeting according to the Articles of Association.

The Nomination Committee and the Board should review the overall contribution, participation and performance of the retiring Director and the Board should then make recommendation to the shareholders in respect of the proposed re-election of Director at the general meeting.

Tasks Conducted by the Nomination Committee

The Nomination Committee has, during the Year, conducted the following tasks:

- (i) reviewed and considered the structure, size and composition of the Board;
- (ii) assessed the independence of the independent non-executive directors; and
- (iii) considered the Directors to retire and reappoint at the forthcoming annual general meeting of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Except for the deviation from provision C.2.1 of the CG Code, our corporate governance practices are expected to comply with the CG Code. Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Dang Fei has been managing our Group's business and overall strategic planning since its establishment. Our Directors believe that the vesting of the roles of chairman of our Board and chief executive officer in Mr. Dang Fei is beneficial to the business operations and management of our Group as it provides a strong and consistent leadership to our Group. The current management has been effective in the development of our Group and implementation of business strategies under the leadership of Mr. Dang Fei. Our Directors believe both positions require in-depth knowledge and considerable experience of our Group's business and Mr. Dang Fei is the most suitable person to occupy both positions for effective management of our Group. Accordingly, our Company has not segregated the roles of the chairman of our Board and the chief executive officer as required by provision C.2.1 of the CG Code.

Board Diversity Policy

We have adopted a board diversity policy (the "**Board Diversity Policy**") on 10 June 2020 pursuant to the requirement of the CG Code, which sets out the approach of which our Board could use to achieve a higher level of diversity. We recognise the benefits of having a diversified Board. In summary, our Board Diversity Policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, our Board would consider a number of factors. These include but are not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and diversity of perspective that the candidate is expected to bring to our Board and what would be the candidate's potential contributions, in order to better serve the needs and development of our Company. Our Board Diversity Policy also seeks to attract, retain and motivate our Directors and other staff from the widest pool of available talent. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

The Company is conscious of maintaining board diversity with an appropriate level of female members on the Board, which shall not be less than one female member with immediate effect and may further increase in the next five years. During the Year and as at the date of this Report, the Board comprised of three female members. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Nominations Committee will review the implementation of the Board Diversity Policy at least annually and make recommendations on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

In view of achieving board diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which a candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

During the Year, the Nomination Committee reviewed the Board Diversity Policy and reviewed the independence of each of the independent non-executive Directors. The Board had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation was sufficient and effective.

Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 December 2025, the Group had a total of 89 staff members (including members of the senior management but excluding Directors). The gender composition of the staff members (including members of the senior management but excluding Directors) was approximately 69% male staff members and 31% female staff members.

The Board strived to achieve gender diversity of the workforce of the Group during the Year. The plan for the Group in terms of gender diversity in workforce is to continue its efforts to achieve the balance of gender diversity in the foreseeable future.

BOARD MEETINGS AND GENERAL MEETING

Pursuant to code provision C.5.1 of the CG Code, the Board meets regularly and Board meetings would be held at least four times a year. Additional meetings would be arranged if and when required. Board members are provided with all agenda and adequate information for their review within reasonable time before the meetings. After each meeting, draft minutes are circulated to all Directors for comments before confirmation. Minutes of Board meetings and meetings of the Board Committees are kept by the company secretary and are available for inspection by the Directors at all times. Each Director is entitled to seek independent professional advice in appropriate circumstances at the expense of the Company. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

The Board had made an annual review on the implementation of the abovementioned mechanisms to ensure independent views and input are available to the Board and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

The Board is regularly provided with brief reports containing balanced and comprehensive evaluation on the Group's performance, status and prospects to keep it abreast of the Group's affairs and to facilitate the Directors' performance of their obligations under the relevant requirements of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

Directors' attendance records at meetings of the Board and the Board Committees and general meeting

During the Year, ten meetings of the Board and Board Committees were held and the attendance record of each Director in the such meetings and the general meeting are set out in the table below:

	Board meetings	Audit Committee meetings	Nomination Committee meetings	Remuneration Committee Meetings	Annual General Meeting held on 30 June 2025
Executive Directors					
Mr. Dang Fei	10/10	N/A	4/4	4/4	1/1
Mr. Wang Xiaozhong	10/10	N/A	N/A	N/A	1/1
Ms. Luo Xi	10/10	N/A	4/4	4/4	1/1
Mr. Li Xia (<i>resigned on 18 July 2025</i>)	2/10	N/A	N/A	N/A	1/1
Mr. Hu Yi	10/10	N/A	N/A	N/A	1/1
Ms. Zhou Wenqi (<i>appointed on 18 July 2025</i>)	8/10	N/A	N/A	N/A	0/1
Mr. Wang Yifan (<i>resigned on 6 August 2025</i>)	3/10	N/A	N/A	N/A	1/1
Mr. Cheung Wai Yin Wilson (<i>appointed on 18 July 2025</i>)	8/10	N/A	N/A	N/A	0/1
Independent non-executive Directors					
Dr. Zuo Xinzhang	10/10	2/2	4/4	4/4	1/1
Mr. Ma Kaibing (<i>resigned on 17 October 2025</i>)	9/10	2/2	4/4	4/4	1/1
Mr. Li Jian	10/10	2/2	4/4	4/4	1/1
Mr. Tsang Hin Bun (<i>appointed on 10 November 2025 and resigned on 27 March 2026</i>)	2/10	0/2	N/A	N/A	0/1
Mr. Wang Zhenxing (<i>appointed on 17 October 2025 and resigned on 10 November 2025</i>)	1/10	0/2	N/A	N/A	0/1
Mr. Hu Chengbing (<i>appointed on 27 March 2026</i>)	N/A	N/A	N/A	N/A	N/A

Dividend policy

The Company has on 10 June 2020 adopted a dividend policy (the “**Dividend Policy**”) in compliance with F.1.1 of the CG Code, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company. Summary of the Dividend Policy is set out below:

- (i) the Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company and also takes into account the following factors of the Group when considering the declaration and payment of dividends:
 - financial results;
 - cash flow situation;
 - balance of distributable reserves;
 - business conditions and strategies;
 - future operations and earnings;
 - capital requirements and expenditure plans;
 - interests of shareholders;
 - any restrictions on the payment of dividends; and
 - any other factors that the Board may consider relevant;
- (ii) depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:
 - interim dividend;
 - final dividend;
 - special dividend; and
 - any distribution of net profits that the Board may deem appropriate;
- (iii) any final dividend for a financial year will be subject to shareholders’ approval;
- (iv) the Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate; and
- (v) any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company’s Articles of Association.

The Board will review the Dividend Policy as appropriate from time to time.

TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

During the Year, all Directors had participated in continuous professional development with respect to directors’ duties, relevant programmes and seminars or had perused reading materials and updated information in relation to business and industrial development and are aware of the requirement under code provision C.1.4 of the CG Code regarding continuous professional development. The Directors had complied with the CG Code by participating in sufficient relevant continuous professional training and had provided the relevant training records to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

COMPANY SECRETARY

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

Mr. Woo Yuen Ping aged 40, was appointed as the Company Secretary of the Company on 22 May 2019. He has complied with all requirements relating to qualifications, experiences and training under the GEM Listing Rules. During the Year, Mr. Woo had attended at least 15 hours of relevant professional training pursuant to Rule 5.15 of the GEM Listing Rules.

Mr. Woo graduated with a bachelor's degree of business administration in accountancy from City University of Hong Kong in November 2008. Mr. Woo was admitted in January 2012 and is currently a practising member of Hong Kong Institute of Certified Public Accountants. Mr. Woo has been admitted as an associate of the Institute of Chartered Accountants in England and Wales as of February 2023.

Mr. Woo has over 10 years of experience in accounting, auditing and company secretarial fields gaining from accounting firms. Prior to joining the Group in May 2019, Mr. Woo worked at RSM Nelson Wheeler and left as an audit assistant manager from August 2008 to September 2014. From December 2015 to February 2019, he served as a director of Global Vision CPA Limited. Mr. Woo has been the company secretary of Dadi Education Holdings Limited, a company listed on the Stock Exchange (stock code: 8417) since March 2019.

COMPLIANCE OFFICER

Mr. Wang Xiaozhong is the compliance officer of the Company. Please refer to the section headed "Directors and Senior Management" of this report for Mr. Wang's biography.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The management provides information and explanation to the Board to enable it to make informed decisions in this connection.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the Consolidated Financial Statements for the Year is set out in the section headed "Independent Auditor's Report" of this report.

RISK MANAGEMENT AND INTERNAL CONTROLS

One of the major functions of the Board is to maintain an adequate risk management and internal control systems to safeguard the Company's shareholders' investments and the Group's assets, and review their effectiveness annually through the Audit Committee. The Audit Committee reports to the Board on any material issues and makes recommendations to the Board.

Policies and procedures have been designed to safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with applicable law, rules and regulations. The policies and procedures provide a reasonable assurance that material misstatements or losses are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed.

Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function.

The effectiveness of the risk management and internal control systems of the Company, including financial, operation and compliance controls, are reviewed by the Audit Committee and further reviewed and assessed by the Board at least once annually. The Audit Committee and the Board held one meeting, respectively, during the Year to review the same and were both satisfied that the Group had an effective internal control system in place, which encompassed a sound control environment, appropriate segregation of duties, and well-defined policies and procedures. We will continue to closely monitor and review these systems in regular intervals.

Going Concern Assessment

As at 31 December 2025 and up to the date of this report, save as disclosed in note 2 to the consolidated financial statements in this report, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. However, as set out in the independent auditor's report, a disclaimer of opinion was issued in respect of the going concern basis of preparation.

The Directors have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period of not less than twelve months from 31 December 2025. The Directors are of the opinion that, taking into account the plans and measures described in note 2 to the consolidated financial statements in this report (and further detailed in the action plan set out below), which improve the liquidity and financial position of the Group, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, the Board acknowledges that there exists a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Such uncertainty has been prominently disclosed in the independent auditor's report and is further addressed in the action plan below.

In response to the disclaimer of opinion issued by the auditor, management has engaged in thorough discussions with the auditor regarding the major judgemental areas, including asset impairments and the going concern assessment. Management has reviewed the relevant supporting documents, including but not limited to:

- cash flow forecasts covering the year ending 31 December 2026;
- impairment assessment models and key assumptions (discount rates, expected credit loss rates, etc.);
- negotiation records on the renewal and restructuring of borrowings;
- asset disposal agreements and implementation progress; and
- commitment letters on financial support from shareholders.

Management is of the view that:

1. Asset impairments: The Group's impairment assessments were conducted in strict compliance with the requirements of HKFRS Accounting Standards. The assumptions adopted are based on reasonable and supportable information available, and the impairment provisions were accounted for in accordance with the applicable accounting standards.

CORPORATE GOVERNANCE REPORT

2. Going concern basis: Management has formulated realistic and actionable improvement plans (see the action plan below) and has adequately disclosed the related material uncertainties in this annual report. Management believes that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The above judgmental matters have been considered by the Board and the Audit Committee, and the relevant internal decision-making procedures have been duly followed.

Audit Committee's Assessment of the Disclaimer of Opinion Matters

The Audit Committee has conducted a special review and assessment of the matters giving rise to the disclaimer of opinion, and has reviewed all relevant materials, including but not limited to:

- the auditor's correspondence and proposed adjustments;
- management's analysis and supporting documents;
- third-party valuation reports (where applicable); and
- relevant meeting minutes and discussion papers.

The Audit Committee is of the view that:

1. Management's position on major judgemental areas, including asset impairments and the going concern assessment, is supported by sufficient facts and evidence; the underlying assumptions are reasonable, and the future plans are actionable;
2. The Audit Committee agrees with management's approach in addressing these matters;
3. The handling of the above matters complies with HKFRS Accounting Standards and the Company's accounting policies, with adequate supporting basis and proper procedures.

Action Plan to Address the Disclaimer of Opinion and Going Concern Uncertainty

To fully address the matters giving rise to the disclaimer of opinion and to prevent recurrence of similar issues, the Company has formulated a dedicated action plan with the following measures:

No.	Measure	Implementation Progress	Expected Completion
1	Enhance customer credit rating system, establish dynamic monitoring mechanism for trade receivables, and shorten credit periods	Initiated, expected completion by June 2026	June 2026
2	Step up recovery of trade receivables to supplement working capital	Ongoing	Throughout 2026
3	Dispose of subsidiary assets to reduce liabilities	Partial disposal completed	First disposal completed in Q1 2026
4	Extend credit periods from suppliers to ease liquidity pressure	Under negotiation	June 2026

No.	Measure	Implementation Progress	Expected Completion
5	Continuing financial support from major shareholders	Secured and ongoing	Ongoing
6	Expand sales of wires and cables, polymer materials and aluminium products to enhance profitability	Marketing plan formulated	Throughout 2026
7	Maintain and seek to expand credit facilities from financial institutions	Ongoing communication	Ongoing
8	Cooperate with OEM partners to reduce product costs through entrusted processing model	Under discussion	Q3 2026

The Board has thoroughly discussed the above measures and is of the view that:

- the measures are consistent with fair market principles and normal commercial practices;
- if implemented as planned, they will significantly improve the Group's liquidity and financial position;
- the measures are actionable and expected to be progressively implemented during the 2026 financial year, with improvements reflected in the 2026 annual report;
- the Board and the Audit Committee believe that successful implementation of these measures will help address the auditor's concerns over the going concern assumption and create the basis for resolving the disclaimer of opinion in subsequent financial years.

Confirmation by the Board and Audit Committee on the Effectiveness of the Plan

The Board and the Audit Committee have discussed the above plan with the auditor and confirm that:

- the plan directly addresses the core issues giving rise to the current disclaimer of opinion;
- management is committed to executing the plan and will report progress to the Audit Committee on a regular basis; and
- the Audit Committee will continue to monitor the implementation of the plan and recommend adjustments to the Board where necessary.

INSURANCE ON DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged liability insurance cover to indemnify the Directors and the Senior Management of the Company. The Board reviews the insurance coverage on an annual basis.

REMUNERATION TO THE COMPANY'S AUDITOR

During the Year, the auditor did not perform any non-audit services to the Group. Further, the total remuneration paid or payable to the Company's auditor, Rongcheng (Hong Kong) CPA Limited, for audit and audit related services amounted were as follows:

Nature of services	Amount RMB'000
Audit services	811

Note: The amount represents the total fee for the entire professional services as the reporting accountants for the Listing of Shares. Such professional fees have been recognised in varies accounting period.

SHAREHOLDERS' RIGHTS

The Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy, details of which are summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.
- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.saftower.cn) and by post to the Shareholders.
- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.
- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.saftower.cn) subsequent to the close of the general meetings.

Corporate Communications

- The Company will send (by post or by electronic means as permitted by the Articles or the GEM Listing Rules) corporate communications of the Company, which include annual reports, interim reports, notices of shareholders' meeting, listing documents, circulars, and proxy forms, to the Shareholders.
- Shareholders are encouraged to provide their up-to-date contact details to the Hong Kong branch share registrar of the Company in order to facilitate timely and effective communications.

Company's Website

- The Company's website (www.saftower.cn) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.

- In addition to the “Relationship” section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange’s website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company’s website to facilitate communication between the Company, Shareholders and investment community.
- Information on the Company’s website is updated on a regular basis.

Communication with the Company

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Suite 913, 9/F, Chinachem Golden Plaza, No. 77 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong, or by the following means:

Telephone number: (852) 3757 3150
Email address: luoxi@saftower.cn

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

The Company highly value the views and comments of its Shareholders and relevant stakeholders and would invite the Shareholders and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above mechanisms, the Board is of the view that the shareholders’ communication policy implemented during the Year was sufficient and effective.

Right to convene extraordinary general meeting

The following procedures for Shareholders to convene an extraordinary general meeting are subject to the Articles of Association (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules:

1. Extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings.
2. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.
3. Such meeting shall be held within two months after the deposit of such requisition.
4. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Introduction

Report Overview

China Saftower International Holding Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**we**”) is a regional manufacturer and supplier of wires and cables, with integrated production facilities situated in Chengdu, Guangyuan and Bazhong of Sichuan Province, the People’s Republic of China (“**China**”). The Group’s products can be broadly classified into four categories (i) finished wires and cables; (ii) semi-finished wires; (iii) aluminium products; and (iv) polymeric materials. The Group’s portfolio of finished wires and cables products comprises classic and special products. Apart from finished wires and cables, the Group also produces semi-finished wires comprising aluminium rods and bare copper wires.

This ESG (“**ESG**”) report (this “**Report**”) summarises the Group’s initiatives, plans and performance in ESG and demonstrates its commitment to sustainable development. The Group adheres to a sustainable approach to ESG management and is committed to the effective and responsible management of the Group’s ESG issues as a core part of its business strategy, as we believe this is the key to our continued success in the future.

ESG Governance Structure

The Group believes that a strong governance structure is essential for the effective management of ESG related matters. The board of directors of the Company (the “**Board**”) has overall responsibility for the Group’s ESG matters, including formulating strategies, monitoring the Group’s ESG performance, ensuring the effectiveness of risk management and internal control systems, and approving disclosures in ESG reports. The Board discusses ESG related affairs at least once a year to formulate and review ESG-related management policies, strategies, principles, policies, targets and priorities, to ensure alignment of its ESG management with the times and its general orientation. The members of the Board possess knowledge and experience required for overseeing the ESG issues.

In order to promote unified ESG management within the Group, the Group has established an ESG working group (the “**ESG Working Group**”) to assist the Board on ESG-related matters. The ESG Working Group is composed of senior management and staff from different departments. It reports its work progress to the Board at least once a year, and is responsible for implementing the Group’s ESG measures, assisting in the identification and evaluation of the Group’s ESG risks, collecting and analysing ESG data, reviewing ESG-related matters across different parts of the Group, formulating and regularly reviewing the progress of ESG targets, ensuring compliance with ESG-related laws and regulations, and advising the Board on ESG matters.

In order to gain an in-depth understanding of stakeholders’ expectations for the Group’s sustainable development and to improve the Group’s ESG performance, the Board and the ESG Working Group continue to communicate with the Group’s stakeholders and invite them on a regular basis to participate in materiality assessments, refer to the opinions of different stakeholders to determine the priority of different ESG issues, and formulate the Group’s sustainable development strategy. Information on stakeholder communication channels and the result of materiality assessment are set out in the sections “Stakeholder Engagement” and “Materiality Assessment” respectively.

In response to China’s “carbon neutrality” goal and stakeholders’ expectations for the Group in the materiality assessment, and to further enhance the Group’s performance in ESG aspects, the Group has set environmental targets, including emissions reduction, waste management and resource conservation. The Board will review progress towards the relevant targets annually and ensure that the ESG Working Group has sufficient resources to achieve these targets. The Group believes that through the setting of targets and the implementation of relevant measures, the Group will continuously enhance the ESG awareness of employees, promote behavioural changes, and ultimately integrate the concept of sustainability into the operation and development of the Group.

This Report was approved by the Board.

Report Framework and Principles

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

The Group’s corporate governance practices are set out in the Corporate Governance Report of the Group’s Annual Report 2025.

The Group has attached great concern to materiality, quantitative, balance and consistency in the preparation of this Report. The Group has applied these reporting principles in the above-mentioned ESG Reporting Code, details of which are as follows:

Materiality: The Group’s major ESG issues were analysed through materiality assessment, and the identified major issues were taken as the focus of the preparation of this Report. The importance of different material issues has been reviewed and confirmed by the Board and the ESG Working Group.

Quantitative: This Report compares quantitative key performance indicators (“**KPIs**”) where appropriate and sets out in explanatory notes the criteria, methodology, assumptions and sources of key conversion factors used to calculate the relevant information.

Balance: This Report provides an unbiased description of the Group’s performance and avoids misleading readers with inappropriate selection, omissions and presentation formats.

Consistency: This Report describes data with changes to disclosure and calculation methods where appropriate. Unless otherwise stated, the preparation method for this Report is consistent with that for the ESG report ended 31 December 2024 (“**2024**”).

Reporting Period

This Report details the ESG initiatives, plans and performance achieved by the Group for the year ended 31 December 2025 (the “**Reporting Period**” or “**2025**”).

Reporting Scope

The scope of this Report is determined by the management of the Group after considering the resource allocation of the Group and the operating conditions of different segments, and includes only the subsidiaries which have material environmental and social impact during the Reporting Period, including the Group’s plants located in Chengdu, Guangyuan, Yaan, and Bazhong, China, as well as the headquarter offices in Chengdu and Guangyuan. As the headquarter office in Chengdu and the manufacturing facility in Yaan have a minimal environmental impact, the relevant environmental data will not be included in the reporting scope of this report. The reporting scope of this report is consistent with that of the 2024 Environmental, Social, and Governance Report.

Save as otherwise specified, we obtained ESG KPIs through the Group’s operational control mechanisms. After the Group’s data collection system becomes more mature and its sustainability development work is deepened, the Group will continue to expand the scope of disclosure in the future.

Stakeholder Engagement

We maintain ongoing communication with various stakeholders including shareholders and investors, employees, customers, suppliers and subcontractors, the community and the public, as well as regulators and government agencies, in an effort to balance the views and interests of all parties in order to set the long-term direction for us and the communities in which we operate.

The Group's communication channels with key stakeholders and their expectations and concerns about the Group are as follows:

Stakeholders	Expectations and concerns	Communication channels
Shareholders and investors	<ul style="list-style-type: none"> • Compliance with laws and regulations • Risk management • Corporate governance system • Investment return • Information transparency 	<ul style="list-style-type: none"> • Annual general meetings and other general meetings • Financial reports • The Group's announcements and notices • The Group's website and email • Meetings/conference calls
Employees	<ul style="list-style-type: none"> • Entitlements and benefits • Employee health and safety • Career development and training • Labour rights • Corporate culture 	<ul style="list-style-type: none"> • Training and seminars • Regular performance evaluation • Employee suggestion box • Internal announcements and newsletters • Cultural and sports activities • Work sessions/special sessions • Career development communication mechanism
Customers	<ul style="list-style-type: none"> • Safe and quality products • Customer service • Compliance with laws and regulations 	<ul style="list-style-type: none"> • Customer support hotline and email • Meetings • Customer satisfaction survey • Visits and communication
Suppliers and subcontractors	<ul style="list-style-type: none"> • Fair competition • Stable demand • Maintenance of a good relationship • Corporate Reputation 	<ul style="list-style-type: none"> • Business meetings, emails and phone calls • Audit and evaluation • Opinion survey • Instant messaging software
Community and public	<ul style="list-style-type: none"> • Information transparency • Environmental protection • Community engagement • Economic development 	<ul style="list-style-type: none"> • Community events • ESG reports • Media • Press releases/announcements • Results announcements • Management interviews

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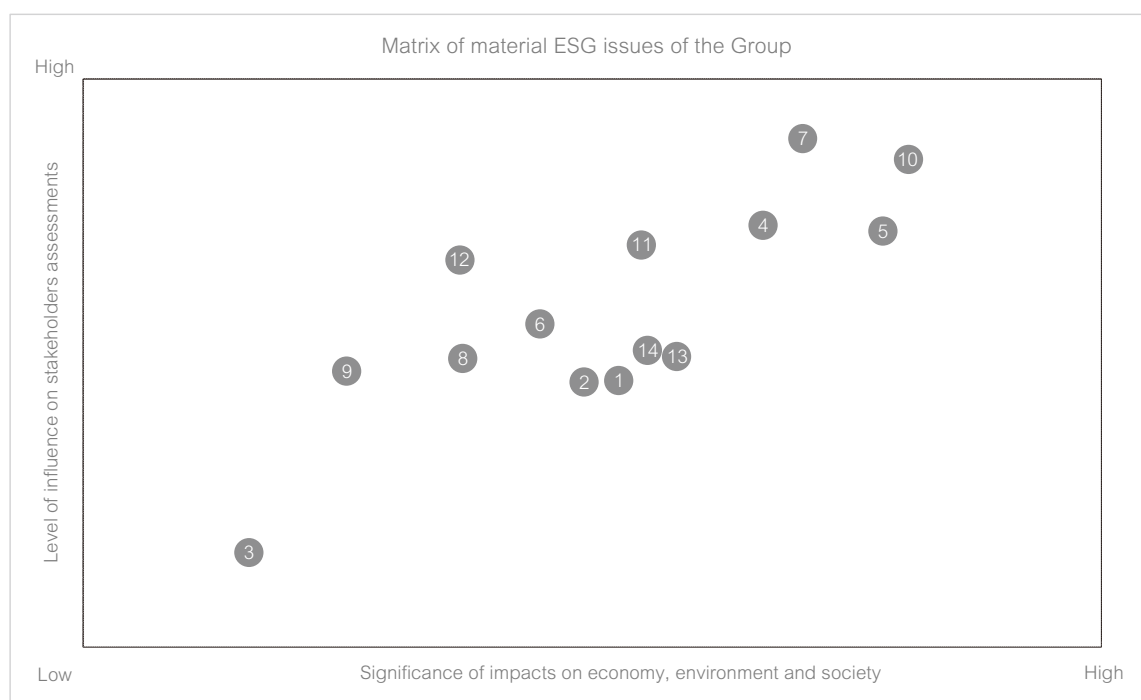
Stakeholders	Expectations and concerns	Communication channels
Regulators and government agencies	<ul style="list-style-type: none"> Compliance with laws and regulations Promotion of economic development and employment Fulfilment of tax liabilities Stable business operations 	<ul style="list-style-type: none"> Compliance advisors Site visits Financial reports Progress reports Meetings Contact by phone/email Supervision and inspection

We are committed to working and communicating with our stakeholders to enhance the Group’s ESG performance and to continue to create greater value for our country and society.

Materiality Assessment

The management and staff of each of the Group’s key functions have been involved in the preparation of this Report to assist the Group in reviewing its operations and identifying relevant ESG issues. The Group identifies and ranks the importance of ESG issues to the Group and its stakeholders. The management of the Group first determines the major ESG issues and reporting framework by considering emerging global and local sustainable development trends, major issues identified by its peers in the industry, and the best practices in the industry. During the Reporting Period, the Group’s business operations remained stable, with no significant changes; furthermore, there were no material changes in the Group’s interactions with its stakeholders. Accordingly, the Group has carried forward the results of its 2024 materiality assessment, which were reviewed by the ESG Working Group to determine the 2025 materiality assessment results. The results of materiality assessments will be reviewed and approved by the Board.

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



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Material issues	Priority number	Material issues	Priority number
Emissions	1	Employee Development and Training	8
Resources Consumption	2	Supply Chain Management	9
Climate Change	3	Product Quality Management	10
Employee Recruitment, Promotion and Dismissal	4	Customer Services	11
Employee Remuneration and Benefits	5	Privacy Protection	12
Equal Opportunity and Anti-discrimination	6	Anti-corruption	13
Employee Health and Safety	7	Community Investment	14

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and control systems for ESG matters and that the disclosures made were in compliance with the requirements of the ESG Reporting Code.

A. Environment

A1. Emissions

The Group adheres to a sustainable development strategy in its operations, emphasises good environmental management, and has established procedures to protect the environment and make every effort to reduce the environmental impact of existing business activities, while supporting nature and environmental conservation programmes. During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations on environmental protection that have a significant impact on the Group, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Promoting Clean Production, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution. In addition, the Group has strictly complied with all national and local standards on emissions control, pollution and discharge to surface and groundwater, and noise control. To reduce environment pollution by its operations, the Group has established its Environmental Protection Management Policy, which specifies the regulations on environmental protection responsibilities, pollution control and environmental monitoring, to coordinate work related to environmental protection and ensure economic construction and environmental protection are planned and developed simultaneously.

Emissions control

Air emissions

In the course of the Group's operations, air emissions are mainly from fuel consumed by company vehicles, which mainly includes nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM"). To address the above-mentioned emissions, the Group has established Air Emissions and Solid Waste Management Policy and is actively taking the following emissions reduction measures:

- We replaced the original high energy-consuming daily office vehicles with economical vehicles and the daily delivery vehicles with new energy vehicles, thereby significantly reducing emissions;
- We take good care of the vehicles to ensure that they are in the best possible condition. We perform checks on the tire pressure and motor oil. We improve the efficiency of the vehicles by removing heavy objects from the vehicles when we don't need them;
- We pay attention to the clutch/throttle coordination when driving, ensure the vehicles are kept at the economic speed, and try to start smoothly. We try to avoid idling the engine when waiting in line, in a traffic jam or waiting for passengers. If the vehicle is to be stopped for over 1 minute, then the engine should be turned off;
- Our production department is equipped with dust removal facilities in the relevant workshops where exhaust and dust are produced, such as installing exhaust fans and ventilations in the operating room to effectively control the steam, fumes, and dust generated in the cooking, baking and dust and other processes; and
- The production department conducts regular inspection and maintenance of equipment, piping and valves to maintain good air tightness of the devices.

Due to the full-scale operation of one of the Group's factories in 2025, which led to increased use of related vehicle equipment, the Group's air emissions increased compared to 2024. The summary of the Group's air emissions performance is set out below:

Types of emissions¹	Unit	Emissions In 2025	Emissions In 2024
NO _x	kg	35.86	28.88
SO _x	kg	0.17	0.12
PM	kg	3.22	2.57

Note(s):

1. Air emissions are calculated with reference to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

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Greenhouse gas (“GHG”) emissions

The Group’s GHG emissions are mainly from fuel consumed by company vehicles, natural gas, liquefied petroleum gas (“LPG”) and purchased electricity consumed by production, boilers and canteens. The Group established GHG emissions targets during the year ended 31 December 2021 (“2021”), to align with the nation’s policy of “achieving peak carbon emissions by 2030 and achieving carbon neutral by 2060”, and strictly implemented and actively adhered to the carbon reduction plan promulgated by the government of the mainland China in order to complete its carbon reduction mission during the target period. The Group actively adopts electricity saving and energy saving measures to reduce GHG emissions, including strictly controlling the use of air conditioners and production equipment. The specific measures will be explained in the “Energy efficiency” section. The Group’s GHG emissions performance has been disclosed in this Report. The above-mentioned targets are still in progress. The Group will continue to monitor relevant progress and introduce measures to reduce GHG emissions.

Due to an increase in the Group’s production volume and the fact that one of our factories reached full-year production capacity in 2025, the Group’s total GHG emissions increased compared to 2024. However, due to the relocation of some factories, we updated the average regional electricity-based carbon dioxide emission factor in 2025. Therefore, the Group’s total GHG emissions intensity decreased from approximately 4.91 tonnes of carbon dioxide equivalent (“tCO₂e”) per million RMB in revenue in 2024 to approximately 4.25 tCO₂e per million RMB in revenue in 2025.

The summary of the Group’s GHG emissions performance is set out below:

Types of GHG emissions ²	Unit	Emissions in 2025	Emissions in 2024
Direct GHG emissions (Scope 1)	tCO ₂ e	76.49	53.24
<ul style="list-style-type: none"> • Fuel consumed by company vehicles • Natural gas and LPG consumed by production, boilers and canteens 			
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	1,011.37	1,206.87
<ul style="list-style-type: none"> • Purchased electricity 			
Total (Scope 1 & 2)	tCO₂e	1,087.86	1,260.11
Intensity (Scope 1 & 2)	tCO ₂ e/million in revenue ³	4.25	4.91

Notes:

2. The disclosed GHG emissions include Scope 1 and location-based Scope 2 emissions, covering the Group’s operations in Chengdu, Guangyuan, and Bazhong. The Group adopts internationally recognised and widely used GHG accounting frameworks as the basis for calculating emissions to ensure the consistency and comparability of emission data and to comply with the disclosure requirements of the GEM Listing Rules. With respect to the calculation of Scope 2 emissions, the Group has not entered into any contractual arrangements that have a material impact on such emissions. GHG emissions data are presented in carbon dioxide equivalents and are based on, among others, the “Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard”, the regional average electricity carbon dioxide emission factors in the “Notice on Releasing the Carbon Dioxide Emission Factor of Electricity in 2022” and the “Notice on Releasing the Carbon Dioxide Emission Factor of Electricity in 2023” issued by the Ministry of Ecology and Environment of China, global warming potential in the “2006 IPCC Guidelines for National Greenhouse Gas Inventories” and the “Sixth Assessment Report” issued by the Intergovernmental Panel on Climate Change (“IPCC”), and “How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange. The Group updated the use of regional average electricity carbon dioxide emission factors in 2025; otherwise, the greenhouse gas measurement methods, input data, and assumptions adopted remain consistent with those used in 2024. The Group will incorporate the accounting of Scope 3 emissions into future disclosures once sufficient resources are available.
3. During the Reporting Period, the Group’s total revenue was approximately RMB256.16 million (2024: RMB256.61 million). The data will be used to calculate other intensity data.

Waste management

The Group adheres to the principles of waste management and strives to manage and dispose of waste generated from its business activities in a rational manner to reduce the impact of waste on the environment. The Group strictly complies with the relevant environmental laws and regulations and will maintain high standards in waste reduction and encourage employees to be aware of the importance of sustainable development, raising their awareness of environmental protection thereby achieving the goal of waste reduction at source. The Group has established Air Emissions and Solid Waste Management Policy, pursuant to which wastes are specified in accordance with the type of storage location and disposal methods to reduce the pollution generated by solid waste to the environment.

Hazardous waste

The Group's hazardous waste mainly arises from the manufacturing process of electric wires and cables, and the hazardous waste generated during the production process is mainly waste mineral oil and waste activated carbon. The Group standardises the management and disposal of hazardous wastes generated by each department and sets up special facilities for separate collection, storage and keeping. All sites where hazardous waste is stored have dedicated staff to enhance management and to register hazardous waste. In order to reduce the pollution caused by hazardous waste to the environment, the Procurement Department will notify the suppliers to collect the waste centrally or hire a qualified hazardous waste collector to handle the waste. The staff will also keep the equipment hygienic at all times, make sure the oil supply system is intact and normal and the amount of oil is reasonably filled to eliminate overflows and drippings.

Due to the effective implementation of the abovementioned measures and no such waste has been generated since late 2025, the Group's total hazardous waste intensity decreased from approximately 0.00144 tonnes per million RMB in revenue in 2024 to approximately 0.00113 tonnes per million RMB in revenue in 2025.

The summary of the Group's hazardous waste disposal performance is set out below:

Types of hazardous waste	Unit	Amount disposed of in 2025	Amount disposed of in 2024
Waste mineral oil	tonnes	0.11	0.13
Waste activated carbon	tonnes	0.18	0.24
Total	tonnes	0.29	0.37
Intensity	tonnes/million in revenue	0.00113	0.00144

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Non-hazardous waste

As a wire and cable manufacturer, the Group's non-hazardous waste mainly includes obsolete copper, obsolete aluminium, waste plastic pellets, waste wood pallets, domestic waste, food waste and paper. The Group identifies waste in its daily production and operation and reduces or eliminates waste by means of project controls to reduce the amount of waste generated, thereby reducing the overall amount of waste generated. At the same time, the Group has adopted environmental measures to reduce paper consumption in its operations. We encourage our employees to use double-sided printing or photocopying whenever possible, and to communicate through email and electronic format documents to conserve paper. The Group has set quantitative targets, taking 2023 as the baseline year (0.21 tonnes/million in revenue), to maintain or reduce the intensity of total non-hazardous waste in 2025 and reduce the intensity of total non-hazardous waste by 5% in the next five years.

Since improvements in the production process have reduced the amount of waste generated, the Group's total non-hazardous waste intensity decreased from approximately 0.20 tonnes per million RMB in revenue in 2024 to approximately 0.15 tonnes per million RMB in revenue in 2025. Therefore, the Group has met the above-mentioned short-term waste reduction target.

The summary of the Group's non-hazardous waste disposal performance is set out below:

Types of non-hazardous waste	Unit	Amount disposed of in 2025	Amount disposed of in 2024
Obsolete copper (blue, yellow copper), obsolete aluminium	tonnes	30.00	40.00
Waste plastic pellets	tonnes	0.37	0.50
Domestic waste	tonnes	3.15	5.55
Food waste	tonnes	3.90	5.00
Paper	tonnes	0.28	0.33
Waste wood pallets	tonnes	0.08	0.10
Total	tonnes	37.78	51.48
Intensity	tonnes/million in revenue	0.15	0.20

A2. Use of Resources

The Group integrates resource conservation and environmental protection concepts into its business operations and is committed to optimising the use of resources in all its business and production operations. The Group focuses on the management of major energy-consuming equipment and standardises the equipment operation process in order to fully and effectively utilise energy.

Energy efficiency

The energy consumed by the Group in the course of its operations includes fuel consumed by company vehicles, natural gas, LPG and purchased electricity consumed by production, boilers and canteens. In order to reduce the consumption of energy and other resources and improve the sustainability of production and operation, the Group has prepared the Environmental Management Operation Control Procedures in accordance with the relevant environmental laws and regulations to implement various energy saving and emissions reduction management regulations through controlling and assessing the usage of energy and resources. The Group has set quantitative targets, taking 2023 as the baseline year (7.62 MWh/million in revenue), to maintain or reduce the intensity of total energy consumption in 2025 and reduce the intensity of total energy consumption by 5% in the next five years.

For the operation of electricity, the Group will consider the performance of production equipment in terms of energy saving when selecting the equipment and prioritise the equipment with mature technology and low energy consumption. At the same time, the Group requested all departments to strengthen their electricity consumption management and establish a sustainable concept of energy conservation among employees. Each production department should also use production equipment with variable frequency control technology as much as possible, and the Facilities Management Department should take good care of the maintenance and repair of electricity equipment to ensure that the equipment can maintain high efficiency in order to achieve electricity saving. Energy-saving lamps should be used at production sites whenever possible. The person in charge of each department should turn off the power of all electronic equipment before the end of each day, and require employees to turn off the lights before leaving to avoid wasting power. The temperature of the air conditioner should not be lower than 26°C during summer and not higher than 20°C during winter.

For the natural gas used in the canteen, the Group distributed the amount of meals accordingly to reduce the use of natural gas. As for the fuel consumed by vehicles and mobility machines, in addition to the measures described in the section headed “Air emissions”, the Group will also rationalise the arrangement of travel of its employees, such as using public transportation as much as possible and grouping employees when using the Company’s vehicles. Through the implementation of these measures, employees’ awareness of energy conservation has been increased.

Due to an increase in the Group’s production volume and the fact that one of its factories was fully operational in 2025, the total energy consumption intensity of the Group increased from approximately 9.61 MWh per million RMB in revenue in 2024 to approximately 17.23 MWh per million RMB in revenue in 2025. Therefore, the Group is still working towards achieving the above-mentioned energy consumption reduction target.

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The summary of the Group's energy consumption performance is set out below:

Types of energy⁴	Unit	Consumption in 2025	Consumption in 2024
Direct energy consumption	MWh	321.52	228.68
Diesel	MWh	98.42	25.16
Petrol	MWh	99.20	78.77
Natural gas	MWh	123.90	115.29
LPG	MWh	—	9.46
Indirect energy consumption	MWh	4,091.30	2,237.01
Purchased electricity	MWh	4,091.30	2,237.01
Total	MWh	4,412.82	2,465.69
Intensity	MWh/million in revenue	17.23	9.61

Note:

- The unit conversion method for energy consumption data refers to the "Energy Statistics Manual" issued by the International Energy Agency.

Water consumption

In order to conserve water resources, the Group has been promoting water conservation to its employees during the Reporting Period, posted water conservation promotional materials in factories and offices and recycling cooling water during operation to enhance employees' awareness of water conservation. In addition, the Group also requires the Facilities Management Department to formulate relevant measures to urge the relevant departments to conduct regular inspections of the drainage pipes and deal with all irregularities in a timely manner to reduce the wasting of water resources. The domestic water is treated in septic tanks and used for agricultural irrigation. The Group has set quantitative targets, taking 2023 as the baseline year (41.62 m³/million in revenue), to maintain or reduce the intensity of water consumption in 2025 and reduce the intensity of water consumption by 5% in the next five years.

Due to the geographical location of its operations and the nature of its business, the Group does not have any issues in sourcing water that is fit for purpose. Due to an increase in the Group's production volume and the fact that one of its factories was fully operational in 2025, the total water consumption per million RMB in revenue of the Group increased from approximately 27.49 m³ in 2024 to approximately 43.75 m³ in 2025. Therefore, the Group is still working towards achieving the above-mentioned water consumption reduction target.

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The summary of the Group's water consumption performance is set out below:

Water Consumption⁵	Unit	Consumption in 2025	Consumption in 2024
Total	m³	11,206.00	7,055.00
Intensity	m ³ /million in revenue	43.75	27.49

Note:

5. This data includes the water consumption of tenants other than the Group.

Use of packaging materials

The Group produces a wide range of products, and the main packaging materials used include wood, plastic packaging film, packaging steel buckle, packaging plastic steel tape and tonne packaging bag. The Group's consumption of packaging materials in 2025 decreased compared with 2024, primarily due to a reduction in the use of consumables during the packaging process.

The performance of the Group's packaging materials is set out as follows:

Types of packaging materials	Unit	Consumption in 2025	Consumption in 2024
Wood	tonnes	16.00	18.50
Plastic packaging film	tonnes	1.13	0.25
Packaging steel buckle	tonnes	0.05	0.09
Packaging plastic steel tape	tonnes	0.13	0.15
Tonne packaging bag	tonnes	0.20	0.01
Total	tonnes	17.51	19.00

A3. The Environment and Natural Resources

The Group continues to pursue environmental protection and focuses on the impact of its operations on the environment and natural resources. We integrate the concept of environmental protection into our internal management and daily operation activities, and strive to reduce our impact on the environment. Our manufacturing processes generally do not generate large amounts of hazardous waste, wastewater or other industrial waste. As a result, the Group's production processes have a limited negative impact on the environment. However, the Group has taken various measures to ensure its compliance with applicable environmental laws and regulations, including (i) making sure that the wastewater is treated in accordance with national standards before discharge; (ii) managing non-hazardous and hazardous wastes separately; and (iii) implementing noise isolation for major machinery.

For noise emissions, maintenance of equipment should be enhanced during production to ensure good lubrication and all equipment should work in a noise-free condition. When new equipment is to be added, the noise index should also be evaluated and priority should be given to equipment with low noise levels. We have taken measures to reduce noise emissions from equipment that emits strong noise, and we have enhanced the maintenance of forklifts to reduce transport noise. We also conduct noise monitoring of the plants annually and provide timely advice or measures for improvement if abnormalities are found.

In addition, the Group has an Environmental Factors Identification and Assessment Control Procedure, which identifies environmental factors that can be controlled or affected by the Group's activities, products and services in the past, present and future in eight areas, including "emissions to air", "emissions to water", "emissions to land" and "use of raw materials and natural resources", and controls and updates them in a timely manner to ensure that the environmental impact of the Group's operations is minimised. The Group has also formulated the Air Emissions and Solid Waste Management Policy to regulate the management of air emissions and solid waste pollutants, improve the working environment, reduce the generation of three types of wastes and the pollution released to the environment, and protect the physical and mental health of personnel.

A4. Climate Change

The impact of global climate change on the global ecology and different industries has become increasingly significant. The Group is also deeply aware that climate change will affect its business operations in different ways. Therefore, while practising green and low-carbon operations, the Group has formulated the Climate Change Policy to identify, monitor and manage climate change-related risks, assess related impacts, and formulate response strategies. Based on these policy procedures, the Group has identified the following climate-related risks:

Physical risk

First, climate change has brought about more frequent and more intense extreme weather events, such as typhoons, floods, torrential rains, etc., which may disrupt transportation services and cause delays in the delivery of raw materials and the Group's products. At the same time, rising global temperatures may lead to an increase in electricity consumption in the production process, which in turn drives up the cost of raw materials. The Group's supply chain may be adversely affected in view of the possible increase in raw material costs and transportation disruptions due to climate change. In addition, floods caused by extreme weather will also cause physical damage to the operating sites owned by the Group, increasing the Group's maintenance, disaster response and insurance costs. In severe cases, the normal operations of the Group may be affected, and the personal safety of employees may also be threatened. If the Group does not handle such incidents properly, it will also have a negative impact on the Group's reputation.

In order to deal with these physical risks, the Group has incorporated climate change risks into its risk management process, and will regularly review the risks of business interruption related to extreme weather and, where appropriate, develop countermeasure to mitigate negative impacts, thereby reducing negative impacts. At the same time, the Group has specified special work arrangements under potential environmental disasters, typhoons and rainstorms to avoid any chaotic situations that may lead to safety incidents.

Transition risk

In addition to the above-mentioned physical risks, the Group also faces transition risks arising from the transition to a low-carbon economy. The transition to a low-carbon economy, constrained by constantly updated and stricter environmental regulations, and related innovations in energy-efficient materials, processes, and operations may lead to higher costs for goods and services. The transition risk may increase the cost of raw materials used by the Group and production. In addition, stricter environmental laws and regulations may increase the risk of claims and lawsuits arising from the failure to comply with compliance requirements, thereby affecting the Group's reputation. Affected by these risks, the Group's related capital investment and compliance costs may also increase.

In response to the transition risks mentioned above, the Group regularly monitors existing and emerging climate-related trends, policies and regulations and is prepared to alert senior management if necessary to avoid increased costs, fines for non-compliance or reputational risks due to delayed responses. In addition, the Group maintains a high level of transparency in its ESG risk management activities to build trust and confidence between us and our investors. The Group has also set targets for reducing energy consumption and GHG emissions to promote the Group's sustainable development process. At the same time, the Group is also actively exploring low-carbon and energy-saving materials and production methods, in order to seize opportunities in the process of transition to a low-carbon economy and maintain competitiveness in the market.

B. Social

B1. Employment

Human resources are the core of the Group's greatest and most valuable asset and competitive advantage, and the Group's sustainable growth relies on good recruitment and retention practices. The Group adheres to a people-oriented approach, respects and protects the legitimate rights and interests of its employees, actively promotes diversity in the workplace and strives to create a friendly and harmonious working environment.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to employment that have a material impact on the Group, including but not limited to the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

As at 31 December 2025, the Group had 89 employees, all of which are full-time employees in mainland China (2024: 111 employees, all are full-time employees in mainland China).

The Group's employee composition by the last day of the financial year is set out below:

Categories	Number of employees in 2025	Employee percentage in 2025	Number of employees in 2024	Employee percentage in 2024
Gender				
Male	61	69%	79	71%
Female	28	31%	32	29%
Age group				
≤30	6	7%	10	9%
31–40	17	19%	25	22%
41–50	14	16%	41	37%
≥51	52	58%	35	32%
Employment type				
Senior management	5	6%	6	5%
Middle management	8	9%	8	7%
General staff	76	85%	97	88%

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During the Reporting Period, the Group's overall employee turnover rate⁶ was approximately 25% (2024: 32%), with the following breakdown:

Categories	Number of employee turnover in 2025	Turnover rate in 2025	Number of employee turnover in 2024	Turnover rate in 2024
Gender				
Male	18	30%	23	29%
Female	4	14%	12	38%
Age group				
≤30	1	17%	3	30%
31–40	3	18%	12	48%
41–50	6	43%	6	15%
≥51	12	23%	14	40%
Region				
Mainland China	22	25%	35	32%

Note:

6. The turnover rate for the Group are calculated by dividing the number of employees in that category who left their jobs during the year by the number of employees in that category as at the end of the year, and then multiplying by 100%.

The Group has established relevant personnel management policies, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, to safeguard the welfare of its employees and ensure equal opportunities in all aspects. The Group also encourages and advocates diversity of employees and strives to reduce unfair treatment so that they can actively integrate their personal pursuits into the long-term development of the Group. We have formulated the Labour and Personnel Management Policy in accordance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Basic Internal Control Norms for Enterprises and other relevant laws and regulations to clearly define the recruitment conditions, remuneration, working hours and leaves, other entitlements, benefits and post-employment management, and are committed to providing equal opportunities in the cultivation of talents.

Salary and benefits

The Group has established a fair, just, reasonable and competitive remuneration system and remunerates its staff based on the principles of fairness, competition, motivation, reasonableness and lawfulness. The remuneration package for our employees includes salary, commission, bonus and allowances. In addition, the Group signs and fulfils labour contracts with its employees in accordance with the Labour Contract Law of the People's Republic of China. The Group practically protects the legitimate rights and interests of labours in accordance with the requirements of the Labour Law of the People's Republic of China and other relevant national and local laws and regulations, respects the rights of employees to rest and leave, and regulates the working hours of employees and their rights to various types of rest periods and holidays.

Recruitment, promotion and dismissal

The Group has clearly set out the principles of promotion in the Labour and Personnel Management Policy and strives to provide every employee with opportunities for promotion and advancement in accordance with the actual needs of its operation and management. The Group believes that morals and performance are of equal importance. We give promotion and advancement to outstanding staff based on the annual appraisal results, work ability, development potential, moral quality and overall quality. The Group also has clear procedures for the termination, dismissal and retirement of employees. For employees who have reached the retirement age stipulated by China, their employment contracts with the Group will be terminated and the Human Resources Department will handle the retirement procedures for them in accordance with the law.

Equal opportunity and anti-discrimination

The Group provides equal employment opportunities and fair treatment in employment, does not make discriminatory demands, does not discriminate against any employee at work on the basis of gender, race, marriage, physical condition, family name, geography, religious beliefs, and other aspects and protects the right of workers to equal employment. We endeavour to provide fair treatment to our employees at every stage of recruitment, remuneration, training, promotion, termination of employment contracts and retirement. We also strive to recruit professionals from different backgrounds to join the Group, to eliminate identity discrimination, to make anti-discrimination our social responsibility and to strongly prohibit any unfair treatment.

B2. Health and Safety

The Group pays great attention to the health and safety of its employees and is committed to providing them a healthy, safe and comfortable working environment. We aim to protect the safety and health of our employees at work by eliminating all potential health and safety hazards in the workplace and by managing all aspects of safety.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations on health and safety that have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and the Fire Control Law of the People's Republic of China. During the Reporting Period, the Group recorded no lost days due to work injury (2024: No lost days due to work injury). During the Reporting Period, the Group did not have work-related fatality (2024: Nil; 2023: Nil) The Group will continue to focus on employee health and safety, and work hard to reduce work-related injuries and work-related fatalities.

Occupational health and safety

We are committed to providing a healthy and safe working environment for all staff, insisting on the principle of “safety first, prevention is the key”, implementing the responsibility system for safe production, focusing on safety management to ensure personal safety and machine safety, and practically achieving the principles of three no-harms (no harm to others, to yourself, and from others) and three no-give-ups (not giving up until the cause of the accident is clarified, until the person responsible for the accident is educated and those who should be educated are educated, and until the person responsible for the accident is punished). In addition, we strictly prohibit unauthorised operation and instruction, and we always check the safety equipment and protect it in accordance with the regulations. At the same time, all safety precautions are taken as required during the production process. We do not allow the normal operating procedures of the machine to be violated, always remember that personal safety and machine safety are the top priorities. We require employees to wear ear plugs and masks in work areas with exhaust gases, dust and high noise levels, and to wear the correct protective items as required.

New employees must undergo safety training and skills training and be assessed by the production authority before they are allowed to start working. All employees on the production site are required to undergo the necessary safety and technical training and be qualified. For staff whose work involves the use of combustible materials (such as acetylene, oil, oxygen and lacquer thinner), we require them to be familiar with the properties of these materials and the rules for fire and explosion protection.

We also encourage our staff to do the “three checks” before they start work, which is to check safety concepts, safety measures and safety equipment, and every staff has the right to refuse to perform work that may cause injury (such as equipment with serious potential hazards that may cause personal injury, dangerous operations with inadequate safety measures). At the same time, we are trying to eliminate and stop habitual violations. We make every employee consciously aware of the importance of safe production. Safety helmets must also be worn by workers during the installation of equipment and lifting of goods or during dangerous operations to avoid injury.

The Group strictly complies with the Work Safety Law of the People’s Republic of China and other relevant regulations, and has developed a Production Safety Management Policy to ensure that our operations comply with applicable production safety laws and regulations and prevent production accidents from occurring. The Group’s safety management team conducts regular safety inspections of production facilities, and production equipment and machinery are equipped with protective devices and warning labels to ensure compliance with safety regulations and safe operation. Production staff receive regular training on the operation of production equipment and occupational safety equipment. We have complied in all material respects with all applicable occupational health and safety laws and regulations. We will regularly check related measures to ensure effective protection of employee health and safety.

B3. Development and Training

The Group focuses on achieving a positive atmosphere for the cultivation, selection and use of talents, and provides each employee with a career path that suits his or her own development and capabilities. We provide on-the-job training and other opportunities to enhance the skills and knowledge of our management and employees. Employees also attend external professional training on a regular basis to meet the different needs of different levels and functions of employees, to enhance their skills and to promote the continuous development of the Group's human resources, as well as to help their individual growth and development.

Career development and training

The Group has established training-related procedures to govern the management of staff training, and specified the responsibilities in training management, the management approach for training demands, and the training methods and contents as the basis of implementing and managing training for employees at all levels. For frontline production staff, in order to ensure that each employee fully understands his or her responsibilities in the production plant, the Group actively arranges for staff to participate in focused training, which includes explaining to staff the main responsibilities and important points to note in each position to enhance their productivity. To ensure that our employees keep up to date, the Group also conducts regular courses for staff on the new version of the wire and cable standards. In addition, the Group also arranges fire drills on a regular basis to test the quick response capability of staff in various positions, enhance their ability to respond quickly to actual fires and strengthen their awareness of fire prevention through on-site fire fighting and self-rescue drills.

During the Reporting Period, the Group had 49 trained employees (2024: 58), representing approximately 55% of the total number of employees (2024: 52%)⁷. The average number of hours of training⁸ was approximately 39.64 hours (2024: 41.80 hours). The total hours and average number of hours of training completed by employees, by gender and employment type, are as follows:

Categories	Total training hours in 2025	Average training hours in 2025⁸	Total training hours in 2024	Average training hours in 2024 ⁸
Gender				
Male	2,808	46.03	3,680	46.58
Female	720	25.71	960	30.00
Employee type				
Senior management	160	32.00	160	26.67
Middle management	360	45.00	320	40.00
General staff	3,008	39.58	4,160	42.89

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Specific information on the breakdown of employees trained (calculated as 100% of the total for the same category) is as follows:

Categories	Breakdown of employees ⁹ in 2025	Breakdown of employees ⁹ in 2024
Gender		
Male	80%	79%
Female	20%	21%
Employee type		
Senior management	4%	3%
Middle management	10%	7%
General staff	86%	90%

Notes:

- The percentage of employees trained is calculated by dividing the total number of employees trained during the year by the total number of employees as at the end of the year, and then multiplying by 100%.
- The average number of hours of training for employees of the Group is the number of hours of training (for that category) of employees during the year divided by the number of training hours (for that category) of employees as at the end of the year.
- The breakdown of employees trained of the Group (the sum of the same category is 100%) is calculated by dividing the number of employees trained in that category of the Group during the year by the total number of employees trained during the year, and then multiplying by 100%.

B4. Labour Standards

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations on the prevention of child labour or forced labour that have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, the Provisions on the Special Protection on Juvenile Workers and the Provisions on the Prohibition of Using Child Labour of the People's Republic of China.

Prevention of child labour and forced labour

The Group strictly prohibits the employment of any child labour and requires new employees to provide true and accurate personal information when they join the Group. Recruiters strictly check entry data, including academic proof, identity card, household registration details, etc. The Group has well-established recruitment system and processes that require checking of candidates' backgrounds to prevent any child labour or forced labour in its operations. The Human Resources Department will ensure that identity documents are carefully checked. If any violations are discovered, they will be dealt with as appropriate, including to terminate the labour contract with the employee concerned.

In addition, employees work overtime on a voluntary basis to avoid violating labour standards and to protect their rights and interests, and we are required to provide overtime pay or paid leave. The Human Resources Department will also regularly check records of working hours and if overwork is found, it will initiate immediate investigation and take corresponding action, including to punish the employee involved according to the Employee Reward and Punishment Management System. The Group will also review relevant measures regularly, and further improve the labour mechanism for violations if necessary.

B5. Supply Chain Management

The Group highly values the management of potential environmental and social risks in the supply chain. As such, the Group has established a stringent procurement policy system and supplier selection process to more effectively regulate and monitor the supply chain and procurement process.

Supplier management

We identify suitable suppliers based on actual requirements, and collect information on quality, material selection and price as a basis for selection. Interested suppliers are required to complete the basic supplier information form. The procurement officer will conduct preliminary evaluation of the basic supplier information form and draw up a shortlist of suppliers based on the evaluation, which will be submitted to the person in charge of the Supplies Department for review and approval, and provide relevant supporting documents for toxic and dangerous goods to ensure that the suppliers comply with government laws and regulations and safety requirements.

In addition, in conjunction with other relevant departments, the Supplies Department will conduct on-site supplier evaluations and make corresponding suggestions and recommendations to ensure that the quality of the supplier is up to standard. The supplier evaluation criteria include the following four main aspects:

- I. Qualifications, operating conditions, credit rating and service of the supplier;
- II. Payment terms requested by the supplier;
- III. Quality of the goods; and
- IV. Prices and delivery times for procurement.

At the same time, the Group also fully considers the social, ethical and environmental performance of its suppliers in the procurement process. The Group has established the Policy of the Consideration of Environmental and Social Factors on the Supply Chain, which requires the following contents in the periodic audit of suppliers:

- The supplier understands the social, ethical and environmental issues related to its business and has established minimum standards for these issues;
- Main suppliers and suppliers with higher risks have management systems in place to deal with environmental and social issues and risks;
- Ensure the accuracy of the information provided by suppliers through audits, third-party verification or similar procedures; and
- Under other conditions being the same, the Group will give priority to suppliers who are responsible for the environment and society, or those who promote products and services that are beneficial to the environment.

The Group maintains stable relationships with its various suppliers and has never encountered any significant problems in obtaining sufficient raw materials to meet its production needs. The Group also does not rely on specific suppliers to supply its raw materials as there are other suppliers readily available to supply such raw materials. The Group also reviews the performance of suppliers on an annual basis,

including but not limited to track record, pricing, timely delivery, financial condition and environmental and social performance, to ensure that they maintain a high level. In additions, in its Environmental Protection Policy, the Group encourages all departments to purchase environmentally friendly products and services, and will punish anyone that has purchased technologies or equipment inconsistent with environmental regulations. We regularly review our supply chain-related policies and practices to ensure their effectiveness.

During the Reporting Period, the Group had a total of 215 major suppliers (2024: 50), among which all were located in mainland China and passed the above-mentioned practice of reviewing suppliers. During the Reporting Period, the Group did not find any major suppliers to have any significant negative impact on business ethics, environmental protection, human rights and labour practices.

B6. Product Responsibility

A subsidiary of the Group, has obtained the ISO 9001:2015 Quality Management System Certification. The Group has also acquired National Production Licence for Industrial Products.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations on health and safety, advertising, labelling and privacy matters in relation to products and services that had a significant impact on the Group, including but not limited to the Product Quality Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Law of the People's Republic of China on Technology Contracts.

Product quality management

The Group has developed effective quality control systems designed to demonstrate its ability to provide products that meet customer, regulatory and legal requirements. In addition, some of the wires and cables we supply are used in public sector projects that have strict quality assurance of the power supply and distribution system, therefore we place great emphasis on the quality of our products. The Group also regularly reviews and upgrades its quality control systems from time to time to meet industry standards and to meet or exceed customer expectations.

The insulation layer of the Group's eco-friendly wires and cables is made of unique materials that prevent the emissions of harmful pollutants into the atmosphere under high temperature conditions. Eco-friendly wires and cables are not only better for the environment, they are also safer choices. The use of fire-resistant materials also enhances the safety of eco-friendly wires and cables. The Group has obtained two patents in the development of unique wires and cables, which were the "Aluminium Alloy Eco-friendly Fire-resistant Electronic Cable" and the "Aluminium Alloy Eco-friendly Fire-resistant Cables".

As at 31 December 2025, the Group's quality management team has 5 members, some of whom have over 10 years of experience in the wire and cable industry. The Group conducts quality tests and checks at each major stage of the production process. During the Reporting Period, the Group did not receive any cases of recall of sold or delivered products for safety and health reasons (2024: Nil), nor did it receive any material complaints about products and services (2024: Nil).

We have adopted the following quality control measures to ensure the production of high quality and safe products:

- *Raw material inspection and test*
We inspect and test raw materials from our suppliers in accordance with our “Inspection and Test” quality procedures prepared in accordance with ISO 9001. The purpose of these inspections and tests is to verify that the raw materials purchased, technical requirements, external conditions and other requirements are suitable for use in production. The inspections and tests are carried out by the Group’s quality control staff by sampling.
- *Production quality control*
We carry out quality control tests at all stages of the production process, known as “in-process testing”. The objective is to ensure that the product meets quality requirements (including cable diameter, thickness, voltage testing and insulation) and that quality problems are identified and resolved in a timely manner. The unfinished products will be moved to the next production process after passing the inspection.
- *Final inspection and testing*
We carry out quality checks on all finished products to ensure that they meet the specifications of our customers and national industry standards. Based on the specifications of the finished products, the Group conducts tests on samples from the finished products.

Customer service

We always “focus on the customer” in all our work processes, fully communicate and understand customer requirements to ensure that they are identified and met. The Group’s standardised service quality, humanised service process and regulated service management provide customers with a quality and warm service experience.

We collect customer satisfaction information in the following ways:

- We regularly collect written information by having the Marketing Department organising customer satisfaction surveys and collecting information by sending Customer Satisfaction Survey Forms to customers;
- Our Marketing Department directly communicates with customers, such as holding seminars with customer representatives, making return visits to customers, and sending representatives to customers to listen to their opinions;
- We collect customer satisfaction information through customer complaints and after-sales service information; and
- We collect evaluations through higher authorities, consumers associations or the media.

The information we collect is analysed statistically to identify patterns in customer satisfaction, identify gaps between competitors, set targets, and summarise the main current issues. For customer complaints, the Group has established a complaint handling procedure, enabling relevant departments to conduct investigations, actively monitoring the handling process, coordinating and communicating with

all relevant parties, and properly responding to complaints. The Group is committed to understanding the reason for customer complaints, identifying responsible parties and areas for improvement, so as to improve the quality of the Group's services. We have also established the Non-conforming Product Control Procedures to identify and control non-conforming products, prevent unintended use and delivery of non-conforming products and take appropriate action against non-conforming products. If customers find out that the product is unqualified after delivery and after the start of use, the Group will immediately recall such product. After it is confirmed as an unqualified product, it will be scrapped. Meanwhile, similar products will be inspected to ensure that the products are qualified. Once unqualified products are discovered, they will also be recalled and scrapped.

Intellectual property

We continue to focus on product development and product quality improvement, and intellectual property rights play an important part in our business. In order to safeguard the efforts of the Group's development team, the Group actively applies for patents for its products and technologies in order to protect its intellectual property rights. Meanwhile, when dealing with its customers or suppliers, the Group will also include relevant content of intellectual property protection in the contract terms with original equipment manufacturer. The Group's legal department also reviews the contracts in operation to ensure that the terms of the contracts protect the intellectual property rights of both parties. As at 31 December 2025, we have obtained 29 registered trademarks and 61 registered patents for the development and technology of wire and cable products that are significant to our business. We are committed to being a leader in our industry through continuous innovation.

During the Reporting Period, we are not aware of any material infringement of any of the Group's intellectual property rights that has adversely affected our business, nor are we aware of any pending or potential litigation or legal proceedings against us for infringement of any intellectual property rights owned by a third-party.

Privacy protection

The Group endeavours to protect the legitimate interests of its customers, respects the rights of its customers' information assets and strictly adheres to its customers' information security management systems and standards. The sensitive information of the Group's customers is used only for its intended purpose to avoid disclosure of customers' privacy. The relevant business personnel are trained to respect the confidentiality of customers' information and only authorised personnel have access to customers' sensitive information. The Group will not use personal data for marketing purposes or provide personal data to any person for such purposes unless with the written consent of the customer. Access to employee information systems is also restricted to authorised personnel with respect to employees' privacy. In addition, employees are required to sign a confidentiality agreement and will be held liable for any unlawful disclosure of information. We regularly review our privacy-related practices to ensure their effectiveness.

Advertising and labelling

The Group conducts limited advertising activities and therefore does not involve significant advertising-related risks. We strictly abide by the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations. All information about the Group's products and businesses is subject to strict review before it is made public to eliminate any use of false information in advertising, promotion and exhibitions to mislead customers.

B7. Anti-corruption

As a corruption-free corporate culture is vital to the Group's sustainable development, we value the anti-corruption efforts and institutional development. The Group has anti-corruption policies, including prevention of bribery, extortion, fraud and money laundering, in place and clearly stipulates the expectations of the Group for employees in relation to anti-corruption matter to ensure that the Group operates in compliance with national and industry regulations. At the same time, the Group strives to create a fair, open, impartial, standardised and efficient internal management environment and requires its employees, especially the management, to adopt honesty, trustworthiness and integrity as the most basic standards of conduct. The Group will investigate suspicious cases and will take the necessary disciplinary and legal action once identified. The Group has always attached great importance to its corporate culture of integrity. The Group undertakes to provide anti-corruption training or relevant reading materials to the directors and employees at least once a year to enhance their awareness of integrity and business ethics. During the Reporting Period, the Group has provided anti-corruption training materials for directors and employees for their self-learning, which covered anti-corruption laws and news.

We have formulated the Whistleblowing Policy, which is an internal regulation that sets out relevant anti-corruption and anti-fraud behaviours, enhance stakeholders' knowledge and understanding of the Group's whistle-blowing workflow and related precautions. According to this policy, stakeholders can report any fraudulent behaviour for undue gain by emails and letters, etc. The Group is responsible for managing relevant reports, conducting internal assessments, conducting investigations and forming written records and, where appropriate, reporting investigation results to the Board for appropriate handling. The Whistleblowing Policy also ensures the protection of whistleblowers (including the confidentiality of identity and personal information) against retaliation for reporting incidents in good faith. The Group will regularly review relevant systems to ensure the effectiveness.

During the Reporting Period, there were no corruption proceedings brought or concluded against the Group or its employees (2024: Nil). Furthermore, the Group is not aware of any non-compliance with relevant laws and regulations on bribery, extortion, fraud and money laundering that have a significant impact on the Group, including but not limited to the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Company Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China.

B8. Community Investment

The Group believes that giving back to the community by participating in social activities and contributing to society is a form of corporate citizenship. As a member of the community, the Group has always been committed to the concept of public welfare, taking public welfare as its corporate responsibility and mission, focusing on the difficulties and needs of the disadvantaged groups, and taking the initiative to give back to the society, contribute to the society and promote social harmony. In this regard, the Group has developed Community Investment Policy to understand the needs of the communities where we operate proactively. We encourage staff to participate in social welfare activities to enhance their civic awareness, help them establish proper values, and foster a good corporate culture of contributing to society.

During the Reporting Period, the Group mainly focused on business development and concentrated its resources on daily operations. As a result, the Group did not participate in community activities. The Group attaches great importance to giving back to the society and will continue to seek opportunities to participate in charity in the future.

Index Table of the ESG Reporting Code of The Stock Exchanges (I)

Part B: Mandatory Disclosure Requirements	Section/Statement
Governance framework	ESG Governance Structure
Reporting principles	Reporting Framework and Principles
Reporting scope	Reporting Scope

Index Table of the ESG Reporting Code of The Stock Exchanges (II)

Part C: “Comply or explain” Provisions	Description	Section/Statement
Aspect A1: Emissions		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Emissions control
KPI A1.2	[Repealed 1 January 2025]	—
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions — Waste management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Emissions — Waste management

Part C: “Comply or explain” Provisions	Description	Section/Statement
Aspect A2: Use of Resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of packaging materials
Aspect A3: The Environment and Natural Resources		
General Disclosures	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

Part C: “Comply or explain” Provisions	Description	Section/Statement
Aspect B1: Employment		
General Disclosures	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosures	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosures	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
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Part C: “Comply or explain” Provisions	Description	Section/Statement
Aspect B4: Labour Standards		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Part C: “Comply or explain” Provisions	Description	Section/Statement
Aspect B6: Product Responsibility		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

Part C: “Comply or explain” Provisions	Description	Section/Statement
Aspect B8: Community Investment		
General Disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Index Table of the ESG Reporting Code of The Stock Exchanges (III)

Pursuant to Appendix C2 of the GEM Listing Rules of the Stock Exchange Appendix Environmental, Social and Governance Reporting Code, issuers may voluntarily disclose climate-related information; however, they are required to disclose their Scope 1 and Scope 2 greenhouse gas emissions in accordance with paragraphs 28(a), 28(b), and 29. The following are the disclosure requirements applicable to GEM issuers:

Part D: Climate-related Disclosures	Description	Section/Statement
28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:	Emissions — Emissions control
(a)	Scope 1 greenhouse gas emissions;	
(b)	Scope 2 greenhouse gas emissions.	
29	An issuer shall:	Emissions — Emissions control
(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	
(b)	disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; 	
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of wires and cables and the sale of aluminium products in the People's Republic of China (the "PRC").

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap 622), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, are set out in the sections headed "Management Discussion and Analysis" and "Corporate Governance Report — Risk Management and Internal Controls" of this report, and the discussion on the Group's environmental policies and performance, compliance with relevant laws and regulations that have a significant impact on the Group, and the Group's key relationships with its employees, customers and suppliers are set out in the section headed "Environmental, Social and Governance Report" of this report. Those discussion and analysis form part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated financial statements on pages 76 to 78 of this report. The Directors resolved not to recommend the payment of any final dividend for the year ended 31 December 2025 (2024: nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the five largest customers in aggregate and the largest customer of the Group accounted for approximately 93.3% and 54.8% respectively of the Group's sales.

For the year ended 31 December 2025, the five largest suppliers in aggregate and the largest supplier of the Group accounted for approximately 92.3% and 38.4% respectively of the Group's purchases.

None of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the issued Shares of the Company) had any interest in any of these major customers or suppliers during the year ended 31 December 2025.

DIRECTORS

The directors of the Company during the year ended 31 December 2025 and up to the date of this report are:

Executive Directors

Mr. Dang Fei (*Chairman and Chief Executive Officer*)

Mr. Wang Xiaozhong

Ms. Luo Xi

Mr. Li Xia (*resigned on 18 July 2025*)

Ms. Hu Yi

Ms. Zhou Wenqi (*appointed on 18 July 2025*)

Mr. Cheung Wai Yin Wilson (*appointed on 18 July 2025*)

Mr. Wang Yifan (*resigned on 6 August 2025*)

Independent non-executive Directors

Dr. Zuo Xinzhang

Mr. Ma Kaibing (*resigned on 25 November 2025*)

Mr. Li Jian

Mr. Tsang Hing Bun (*appointed on 10 November 2025 and resigned on 27 March 2026*)

Mr. Wang Zhenxing (*appointed on 17 October 2025 and resigned on 10 November 2025*)

Mr. Hu Chengbing (*appointed on 27 March 2026*)

DIRECTORS' SERVICE CONTRACTS

Executive Directors

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of one year commencing from the date of appointment. The term of service shall be renewed and extended automatically on the expiry of such initial term and on the expiry of every successive period thereafter, unless terminated by either party thereto giving at least three months' written notice of non-renewal before the expiry of the then existing term. No Director has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Non-executive Director and independent non-executive Directors

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of one year commencing from the date of appointment. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least one month's written notice of non-renewal before the expiry of the then existing term.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in the Shares

Name of Director/ chief executive	Capacity/ Nature of interest	Number of Ordinary Shares of the Company interested	Approximate percentage of interest
Mr. Dang Fei	Interest in controlled corporation (<i>Note 1</i>)	5,902,000	3.15%
Mr. Wang Xiaozhong	Interest in controlled corporation (<i>Note 2</i>)	47,958,500	25.62%
Ms. Luo Xi	Interest in controlled corporation (<i>Note 3</i>)	47,742,500	25.42%
	Beneficial owner	216,000	0.20%

Notes:

- The Shares were held by Red Fly Investment Limited ("**Red Fly**"). Red Fly is wholly owned by Mr. Dang Fei. Under the SFO, Mr. Dang Fei is deemed to be interested in the same number of Shares held by Red Fly.
- The Shares were held by Xseven Investment Limited ("**Xseven Investment**"). Xseven Investment is wholly owned by Mr. Wang Xiaozhong. Under the SFO, Mr. Wang Xiaozhong is deemed to be interested in the same number of Shares held by Xseven Investment.
- The Shares were held by Lockxy Investment Limited ("**Lockxy Investment**"). Lockxy Investment is owned as to 68% by Ms. Luo Xi. By virtue of SFO, Ms. Luo Xi is deemed to be interested in the same number of Shares held by Lockxy Investment.

Save as disclosed herein, as at 31 December 2025, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO and the Model Code, to be entered in the register referred to therein, or which would be required pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying shares which fell to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested (Long position)	Approximate percentage of interest
Red Fly	Beneficial owner <i>(Note 1)</i>	5,902,000	3.15%
Xseven Investment	Beneficial owner <i>(Note 2)</i>	14,964,000	7.99%
Ms. Gao Hong	Interest of spouse <i>(Note 3)</i>	14,964,000	7.99%

Notes:

1. The Shares were held by Red Fly. Red Fly is wholly owned by Mr. Dang Fei.
2. The Shares were held by Xseven Investment. Xseven Investment is wholly owned by Mr. Wang Xiaozhong.
3. Ms. Gao Hong is the spouse of Mr. Wang Xiaozhong. Under the SFO, Ms. Gao Hong is deemed to be interested in the same number of Shares owned by Mr. Wang Xiaozhong.

Save as disclosed above, as at the date of this report, the Company had not been notified by any parties (not being a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Policy of Directors

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration is reviewed annually and are subject to shareholders' approval.

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

COMPETING INTERESTS

The Directors were not aware of any business or interest of the controlling shareholders of the Company or that the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business, or had any other conflict of interest with the Group, during the year ended 31 December 2025.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 10 June 2020 (the "**Effective Date**"), which is valid for 10 years from the Effective Date and will continue to be valid for around 7 years as at the end of 2025. Under the Share Option Scheme, the Board may, at their absolute discretion, at any time within a period of ten years commencing from the Effective Date offer to grant to any eligible persons (as defined herein below), including employees, directors, consultants, suppliers, customers and shareholders of any member of the Group, options to subscribe for Shares.

The principal terms of the Share Option Scheme are summarised as follows:

1. The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the "**Invested Entity**").
2. Our Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any of the following classes:
 - (i) any employee (whether full time or part time, including our Directors (including any non-executive Director and independent non-executive Director)) of our Company, any of our subsidiaries (within the meaning of the Companies Ordinance) or any Invested Entity (an "**Eligible Employee**");
 - (ii) any supplier of goods or services to any member of our Group or any Invested Entity;

- (iii) any customer of any member of our Group or any Invested Entity;
 - (iv) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
 - (v) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
 - (vi) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group; and
 - (vii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group.
3. The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 80,000,000 Shares, representing 10% of the total number of Shares in issue on the Listing Date. As at the beginning and the end of the financial year ended 2025 as well as at the date of this report, the number of issued shares of the Company is 187,175,245 shares and the total number of shares to be issued under the Share Option Scheme is 8,000,000 shares, representing approximately 7.25% of the issued share capital of the Company as at the date of this report, if all the option under the Share Option Scheme have been granted to and duly exercised by Eligible Person. Unless approved by the Shareholders at a general meeting, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the Share Option Scheme and any other share option schemes of the Group to each Eligible Participant (including both exercised and outstanding options) in any 12-month period up to and including the date of such further grant must not exceed 1% of the Shares in issue for the time being.
4. An offer under the Share Option Scheme may remain open for acceptance by the eligible participants concerned (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made. Upon acceptance of the options, the Eligible Participant shall pay HK\$1.00 to the Company as consideration for the grant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.
5. The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph(s) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:
- (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of our Shares on the offer date;
 - (ii) the average closing price of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and
 - (iii) the nominal value of a Share.
6. Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank equally in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised.

7. If the grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an Eligible Employee.
8. Subject to the provisions in the Share Option Scheme and the GEM Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.
9. Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provision of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.
10. An option shall be personal to the grantee and shall not be transferable or assignable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any non-compliance with the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

EVENTS AFTER THE REPORTING PERIOD

PROPOSED RIGHTS ISSUE:

Significant events affecting the Group after the reporting period and up to the date of this report is set out in Note 45 to the consolidated financial statements.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the material related party transactions set out in Note 39 to the consolidated financial statements, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director (has the meaning given by section 486 of the Companies Ordinance of Hong Kong) had a material interest, whether directly or indirectly, subsisted at 31 December 2025 or at any time during the reporting period.

CONTROLLING SHAREHOLDERS' INTERESTS

Save as disclosed in this report, there were no contracts of significance between the Company or any of its subsidiaries and any controlling shareholder of the Company or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of material related party transactions are set out in Note 39 to the consolidated financial statements, which constituted connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules, but all of such transactions are fully exempted from shareholders' approval, annual review and all disclosure requirements under the GEM Listing Rules.

DIRECTORS' REPORT

Save as disclosed above, there was no other connected transaction or continuing connected transaction during the year ended 31 December 2025. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules and the Company has complied with the disclosure requirements in the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

A directors' and officers' liability insurance is currently in place to protect the Directors against potential costs and liabilities arising from claims brought by third parties against them.

NON-COMPETITION UNDERTAKINGS

Each of the covenantors has provided to the Company a written confirmation in respect of the full compliance with the Non-competition Undertakings for the year ended 31 December 2025.

INTERESTS OF THE COMPLIANCE ADVISER

Save for the compliance adviser agreement and a financial adviser agreement entered into between the Company and Alliance Capital Partners Limited, none of Alliance Capital Partners Limited, its directors, employees or associates had any interest in relation to the Group as notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules during the year ended 31 December 2025 and up to the date of this report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors confirmation of independence pursuant to rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

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

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 79 and Note 34 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Pursuant to applicable statutory provisions of the Cayman Islands, the Company's reserves available for distribution to the shareholders of the Company as at 31 December 2025 amounted to approximately nil.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules during the year ended 31 December 2025 and up to the date of this report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on 30 June 2026 ("**2026 AGM**"). For determining the entitlement to attend and vote at the 2026 AGM, the record date will be on 30 June 2026 and the register of members of the Company will be closed from 25 June 2026 to 30 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on 24 June 2026.

AUDITOR

The consolidated financial statements for the Relevant Period have been audited by Rongcheng (Hong Kong) CPA Limited, who will retire and, being eligible, offer themselves for reappointment at the AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

China Saftower International Holding Group Limited

Dang Fei

Chairman

Hong Kong, 30 March 2026

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Dang Fei (黨飛先生), aged 47

Mr. Dang Fei is one of the founders of Sichuan Saftower, one of our Controlling Shareholders and the younger brother of Mr. Dang Jun, one of the senior management of our Group. Mr. Dang has over 15 years of experience in the manufacturing, processing and sale of wires and cables since the establishment of our Group. He was appointed as our Director on 9 October 2018 and was re-designated as our executive Director on 22 May 2019. He also serves as the chairman of our Board, chief executive officer of our Group, a director of ten of our subsidiaries, namely Bida Investment, Weichi Investment, Wechi Int'l, Saftower International, Guangyuan Saftower and Guangyuan Tongchuang, a director and the manager of our subsidiaries, namely, Saftower Management, Guangyuan Saftower Technology and Chengdu Feixiaozhu, the supervisor of our subsidiary, namely Saftower Energy and the manager of our subsidiaries, namely Sichuan Saftower and Sichuan Liangdian. He is responsible for overseeing the overall corporate development, strategic planning and day-to-day management of our Group's operation. He is the chairperson of our Nomination Committee.

Mr. Dang Fei graduated from Chengdu University of Technology (成都理工大學) in June 1999 with a diploma degree majoring in business management. He obtained the qualification of Senior Professional Manager (高級職業經理人) from the National Talent Flow Centre of the Ministry of Human Resource and Social Security of the PRC* (人事部全國人才流動中心) and the Research Centre for Professional Managers (職業經理研究中心) in September 2007. Mr. Dang Fei has also achieved various accomplishments and received a number of awards. He was awarded the Outstanding Member of the Chinese People's Political Consultative Conference Sichuan Pixian Committee* (政協郫縣委員會) (currently known as Chinese People's Political Consultative Conference Chengdu Pidun District Committee* (政協成都市郫都區委員會)) in "Four-one" event ("四個一"活動先進委員), Outstanding Entrepreneur in Sichuan Province (四川省優秀企業家) and Outstanding Young Entrepreneur in Guangyuan Economic and Technological Development Zone (廣元經濟技術開發區傑出青年企業家) in 2007, 2013 and 2018, respectively.

Mr. Dang Fei has been appointed as a member of the standing committee of the Chinese People's Political Consultative Conference Guangyuan Committee (中國政治協商會議廣元委員會) and serves as a vice-chairman of the industrial and commercial association of Guangyuan (廣元市工商聯).

Mr. Wang Xiaozhong (王小仲先生), aged 48

Mr. Wang Xiaozhong is the other co-founder of Sichuan Saftower. He was appointed as our Director on 9 October 2018 and was re-designated as our executive Director on 22 May 2019. He is responsible for overseeing the overall strategic planning, business development and day-to-day management of our Group's operation. Mr. Wang currently also serves as a director of our subsidiaries, namely Saftower Management, Guangyuan Saftower Technology, Sichuan Saftower, Sichuan Liangdian, Guangyuan Shuneng, NE Investment and Nature EE Investment Limited, a director and the manager of our subsidiary, namely Saftower Energy, and the supervisor of our subsidiaries, namely Yaan Baosheng and Guangyuan Saftower.

Mr. Wang has over 15 years of experience in the manufacturing, processing and sale of wires and cables. Prior to the establishment of our Group in June 2004, Mr. Wang worked in the IT department of Huaxi Securities Co., Ltd.* (華西證券股份有限公司) from March 2001 to June 2002.

Mr. Wang graduated from Chengdu Institute of Meteorology (成都氣象學院) (currently known as Chengdu University of Information Technology (成都信息工程大學)) in June 2000 with a bachelor degree majoring in electronics, communication engineering.

Mr. Wang has also been a director of Chengdu Amazing Information Technology Company Limited* (成都安美勤信息技術股份有限公司), a company listed on the National Equities Exchange and Quotations ("NEEQ") (stock code: 831288), since 22 April 2014.

Ms. Luo Xi (羅茜女士), aged 38

Ms. Luo Xi was appointed as our executive Director on 22 May 2019. She is responsible for accounting operation and overall corporate finance of our Group. Ms. Luo currently also serves as a director of our subsidiaries, namely Saftower Management and Guangyuan Saftower Technology.

Ms. Luo joined our Group in August 2009 as a statistical officer and served as an accountant of our Group from February 2011 to February 2014. From March 2014 to March 2015, Ms. Luo worked as the financial manager in a company called Chengdu Red Pearl Agricultural Development Company Limited* (成都紅珍珠農業開發有限公司) (“**Chengdu Red Pearl**”), which is owned as to 60% by Mr. Dang Fei and 40% by Ms. Yu Xueling (于雪琳), the mother of Mr. Dang Fei and Mr. Dang Jun. Chengdu Red Pearl is principally engaged in the plantation and sale of agricultural products. In April 2015, Ms. Luo rejoined our Group as assistant finance manager and was then promoted to the head of finance department, overseeing the accounting operation and finance of our Group.

Ms. Luo graduated from Sichuan Normal University (四川師範大學) in December 2010 with a bachelor degree majoring in E-commerce after passing the self-taught higher education exam. On 16 November 2025, she obtained the Tax Agent Professional Qualification Certificate issued by the China Registered Tax Agents Association, which carries the official of a nationally recognised professional qualification.

On 26 January 2016, she was awarded the professional technical title of Senior Accountant, as reviewed and issued by the Chengdu Municipal Human Resources and Social Security Bureau, being a Sichuan Province senior professional technical qualification certificate, and holds the senior title qualification of Senior Accountant.

Ms. Hu Yi (胡倚), aged 41

Ms. Hu Yi (胡倚), was appointed as our executive Director on 19 January 2024. Ms. Hu joined the Group since June 2015 and is currently working at the Company’s asset management department, responsible for overall management of the Group’s assets, corporate finance projects, internal control and internal audit work. Ms. Hu currently also serves as a director of our subsidiary, namely Guangyuan Tongchuang. Prior to that, Ms. Hu worked at the finance department of Sichuan Hengfeng Air Compressor Co., Ltd.* (四川恒豐空壓機有限公司) from March 2011 to December 2014, and she worked at the finance department of Miajiale (Beijing) Technology Co., Ltd.* (買家樂(北京)科技有限公司) from July 2007 to July 2009.

Ms. Hu passed the National Uniform CPA Examination of PRC in November 2023. Ms. Hu graduated from Southwestern University of Finance and Economics (西南財經大學) in PRC in December 2020 majoring in accounting.

Ms. Zhou Wenqi (周文琦), aged 42

Ms. Zhou Wenqi has over 5 years of experience in the fields of investment management and asset operations. Ms. Zhou is currently the General Manager of Shanghai Qiangzhuang Investment Management Co., Ltd., a position she has held since April 2024. Prior to this, she served as Asset Management Director at Bi Zi Industrial Co., Ltd. from May 2023 to April 2024, and as Investment Department Manager at Shanghai Yangcheng Property Management Co., Ltd. from September 2019 to March 2023. Ms. Zhou holds a Bachelor’s degree in Business Administration from Shanghai Jiao Tong University, which she obtained in June 2017.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung Wai Yin Wilson (張偉賢), aged 55

Mr. Cheung Wai Yin Wilson has over 28 years of experience in the field of audit, business development, corporate finance and financial management. Mr. Cheung is currently the Independent non-executive director of Truly International Holdings Limited (Stock code: 732) and Hong Wei (Asia) Holdings Co Ltd (Stock code: 8191), both listed in Hong Kong. Mr. Cheung is a member of The Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified Public Accounts and Hong Kong Securities and Investment Institute. He holds a Master of Science degree in Financial Engineering from City University of Hong Kong and Bachelor degrees in Arts and Administrative Studies from York University, Canada.

Dr. Zuo Xinzhang (左新章博士), aged 42

Dr. Zuo Xinzhang was appointed as our independent non-executive Director on 10 June 2020. He is a member of our audit committee, remuneration committee and nomination committee. Dr. Zuo has over 14 years of experience in materials science. From July 2005 to May 2007, he worked as a technician at China Petroleum Seventh Construction Corporation* (中國石油天然氣第七建設有限公司). Dr. Zuo then joined Xi'an Xinyao Ceramic Composite Materials Company Limited* (西安鑫堯陶瓷複合材料有限公司) and worked as the project manager from July 2015 to November 2017, where he completed his postdoctoral research at Northwestern Polytechnical University (西北工業大學) in aerospace science and technology (航空宇航科學與技術) and obtained his postdoctoral certificate in April 2018. Dr. Zuo obtained a bachelor degree in metal material engineering from China University of Petroleum (中國石油大學) in June 2005, a master degree and a PhD degree in material science from Northwestern Polytechnical University (西北工業大學) in April 2010 and June 2015, respectively. Dr. Zuo obtained the qualification of engineer from Xi'an Municipal Human Resources and Social Security Bureau (西安市人力資源和社會保障局) in June 2015. He further obtained the qualification of senior engineer from Department of Human Resources and Social Security of Shaanxi Province (陝西省人力資源和社會保障廳) in November 2017.

Mr. Li Jian (李建), aged 63

Mr. Li Jian was appointed as an independent non-executive Director on 29 December 2023. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Li was employed by Chengdu Product Quality Supervision and Inspection Institute* (成都市產品質量監督檢驗研究院) from March 1983 to November 2021. Mr. Li is qualified as a senior engineer (高級工程師) by Chengdu Professional Title Reform Leading Group* (成都市職稱改革工作領導小組) since March 2008. Mr. Li graduated from Sichuan Radio and Television University* (四川廣播電視大學) (currently known as The Open University of Sichuan (四川開放大學)) in July 1987 majoring in electrical engineering (電氣工程).

Mr. Hu Chengbing (胡成兵), aged 44

Mr. Hu Chengbing has approximately 21 years of experience in the accounting and auditing fields. He is currently the Chief Partner of Chengdu Tianyixin Certified Public Accountants (General Partnership), where he is responsible for the overall management of the firm. Mr. Hu has extensive experience in providing audit, financial consulting and tax advisory services to various administrative institutions and enterprises. He has served as an external financial expert engaged by the Sichuan Provincial Development and Reform Commission and the Sichuan Provincial Department of Finance to participate in special inspections on major construction projects. He also serves as a review expert for the Chengdu High-tech Zone Science and Technology Innovation Bureau, participating in project application and acceptance reviews. Mr. Hu obtained a bachelor's degree in accounting from Southwest Agricultural University (西南農業大學) in June 2004. He is a certified public accountant (CPA) and a performance evaluation professional. He also serves as a guest professor at Tianfu College of Southwestern University of Finance and Economics and Southwest University of Political Science and Law.

INDEPENDENT AUDITOR'S REPORT

容诚 | RCHK

TO THE SHAREHOLDERS OF CHINA SAFTOWER INTERNATIONAL HOLDING GROUP LIMITED
(incorporated in Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Saftower International Holding Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 76 to 151, 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 and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

As detailed in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB121,273,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB157,273,000 and approximately RMB100,143,000, respectively. As at 31 December 2025, the Group had total borrowings of approximately RMB56,181,000, of which approximately RMB45,171,000 were recorded under current liabilities, while the Group had bank and cash balances of approximately to RMB246,000 and restricted bank deposits of RMB11,000 respectively at 31 December 2025.

In addition, as at 31 December 2025, the Group was in default of borrowings with principal amount of RMB25,601,000 and interest payable totaling approximately RMB9,579,000 due to the events of default of late or overdue payment of loan principal and interest during the year ended or as at 31 December 2025.

As set out in note 2 to the consolidated financial statements, the going concern basis of account preparation was based on assumptions and measures that the directors of the Company have been undertaking to improve the Group's liquidity and financial position including (i) the successful negotiations with the lenders for renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (ii) the successful on the completion of potential disposal of some of the Group subsidiaries together with the part of the overdue loans and other liabilities; (iii) the successful maintenance of relationships with the Group's existing lenders such that no action will be taken by the relevant lenders to demand for immediate repayment of the borrowings in default; and (iv) the successful obtaining new sources of financing or strategic capital investments as and when needed. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures.

Given the execution of the plans and measures by the Group are in progress, which are still subjected to various uncertainties as at the date of approval for issuance of the consolidated financial statements of the Group for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence we considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in these consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing as issued by HKICPA and to issue an auditor's report. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the HKICPA (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

RUAN, Qianting

Practising Certificate no. P08288

Hong Kong, 30 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
Revenue	7	256,159	256,610
Cost of sales		(257,673)	(255,564)
Gross (loss) profit		(1,514)	1,046
Other income	8	6,118	5,635
Other gains and losses, net	9	2,221	14,533
Selling and distribution expenses		(1,455)	(3,218)
Administrative and other expenses		(23,400)	(26,568)
Impairment losses on trade and other receivables, net		(77,487)	(43,914)
Impairment losses on property, plant and equipment		(17,389)	(1,998)
Share of loss of an associate		(20)	—
Finance costs	10	(8,854)	(7,131)
Loss before tax	11	(121,780)	(61,615)
Income tax credit (expense)	13	507	(6,562)
Loss for the year		(121,273)	(68,177)
Other comprehensive expense			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Exchange differences on translation from functional currency to presentation currency		1,354	(65)
Total comprehensive expense for the year		(119,919)	(68,242)
Loss for the year attributable to:			
Owners of the Company		(107,169)	(58,836)
Non-controlling interests	37	(14,104)	(9,341)
		(121,273)	(68,177)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(105,815)	(58,901)
Non-controlling interests	37	(14,104)	(9,341)
		(119,919)	(68,242)
Loss per share attributable to owners of the Company	15		
Basic and diluted (RMB)		(0.74)	(0.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	65,187	94,473
Right-of-use assets	20	4,157	14,158
Intangible assets	17	5	504
Investment in an associate	18	60	—
Deferred tax assets	19	330	2,061
Deposits and prepayments	23	1,155	646
Total non-current assets		70,894	111,842
Current assets			
Inventories	21	8,346	10,087
Trade receivables	22	1,370	114,521
Prepayments, deposits and other receivables	23	33,846	34,303
Tax recoverables		310	66
Restricted bank deposits	25	11	204
Bank balances and cash	25	246	1,776
		44,129	160,957
Assets classified as held-for-sale	26	14,358	—
Total current assets		58,487	160,957
Total assets		129,381	272,799
Current liabilities			
Contract liabilities	27	4,715	632
Trade and bills payables	28	79,815	97,285
Accruals and other payables	29	66,117	68,939
Amounts due to shareholders	24	1,739	5,265
Borrowings	30	45,171	49,708
Lease liabilities	32	1,219	2,525
Deferred income	31	368	368
		199,144	224,722
Liabilities directly associated with assets classified as held-for-sale	26	16,616	—
Total current liabilities		215,760	224,722
Net current liabilities		(157,273)	(63,765)
Total assets less current liabilities		(86,379)	48,077

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Trade payable	28	877	2,077
Other payables	29	900	1,550
Borrowings	30	11,010	22,820
Amount due to a shareholder	24	—	180
Lease liabilities	32	—	5,620
Deferred tax liabilities	19	732	2,749
Deferred income	31	245	613
Total non-current liabilities		13,764	35,609
Total liabilities		229,524	260,331
Net (liabilities) assets		(100,143)	12,468
EQUITY			
Share capital	33	18,325	9,913
Reserves	34	(116,675)	(10,042)
Amounts recognised in other comprehensive income and accumulated in equity relating to assets held-for-sale	26	(286)	—
Owners of the Company		(98,636)	(129)
Non-controlling interests	37	(1,507)	12,597
Total (deficit) equity		(100,143)	12,468

The Company's statement of financial position was approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Dang Fei
 Director

Wang Xiaozhong
 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company									
	Share capital	Share premium	Capital reserves	Statutory reserves	Foreign exchange reserves	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total (deficit) equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 33)	(Note 34)	(Note 34)	(Note 34)	(Note 34)	(Note 34)	(Note 34)		(Note 37)	
At 1 January 2024	8,222	37,111	69,696	7,730	(621)	(2,976)	(70,563)	48,599	21,938	70,537
Loss for the year	–	–	–	–	–	–	(58,836)	(58,836)	(9,341)	(68,177)
Other comprehensive expense	–	–	–	–	(65)	–	–	(65)	–	(65)
Total comprehensive expense for the year	–	–	–	–	(65)	–	(58,836)	(58,901)	(9,341)	(68,242)
Waive of amount due to a shareholder (Note 23(a))	–	–	7,200	–	–	–	–	7,200	–	7,200
Issue of shares under subscription (Note 31(b) and Note 32)	1,691	1,691	–	–	–	–	–	3,382	–	3,382
Share issue expenses	–	(409)	–	–	–	–	–	(409)	–	(409)
At 31 December 2024 and 1 January 2025	9,913	38,393	76,896	7,730	(686)	(2,976)	(129,399)	(129)	12,597	12,468
Loss for the year	–	–	–	–	–	–	(107,169)	(107,169)	(14,104)	(121,273)
Other comprehensive expense	–	–	–	–	1,354	–	–	1,354	–	1,354
Total comprehensive expense for the year	–	–	–	–	1,354	–	(107,169)	(105,815)	(14,104)	(119,919)
Issue of shares under share allotment (Note 33)	5,258	–	–	–	–	–	–	5,258	–	5,258
Issue of shares under share placing (Note 33)	3,154	–	–	–	–	–	–	3,154	–	3,154
Share issue expenses	–	(718)	–	–	–	–	–	(718)	–	(718)
Disposal of a subsidiary (Note 34)	–	–	–	(386)	–	–	–	(386)	–	(386)
At 31 December 2025	18,325	37,675	76,896	7,344	668	(2,976)	(236,568)	(98,636)	(1,507)	(100,143)

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		(121,780)	(61,615)
Adjustments for:			
Depreciation of property, plant and equipment	11	6,581	5,714
Depreciation of right-of-use assets	11	2,691	2,805
(Gain) loss on disposal of property, plant and equipment, net	11	(1,148)	266
Gain on disposal of a subsidiary		(3)	—
Gain on derecognition of trade payable	9	—	(14,533)
Write-off of property, plant and equipment	11	1,966	1,251
Amortisation of intangible assets	11	32	54
Allowance for expected credit losses on trade receivables, net	11	78,043	41,831
(Reversal of) allowance for expected credit losses on other receivables, net	11	(556)	1,272
Bad debt written off on trade receivables	11	—	811
Impairment on property, plant and equipment	11	17,389	1,998
Share of result from an associate	18	20	—
Loss on lease modification	11	685	—
Release of deferred income	31	(368)	(368)
Finance costs	10	8,854	7,131
Interest income	8	(1,472)	(27)
Operating loss before working capital changes		(9,066)	(13,410)
Decrease (increase) in inventories		1,741	(4,840)
Decrease (increase) in trade receivables		35,308	(14,135)
Decrease in prepayments, deposits and other receivables		1,966	10,166
Decrease (increase) in contract liabilities		4,115	(2,184)
(Decrease) increase in trade and bills payables		(18,670)	18,260
(Decrease) increase in accruals and other payables		(4,210)	9,777
Cash from operations		11,184	3,634
Income tax paid		(19)	(25)
Net cash from operating activities		11,165	3,609

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

Notes	2025 RMB'000	2024 RMB'000
Cash flows from investing activities		
Purchases of intangible assets	—	(97)
Purchases of property, plant and equipment	(11,920)	(10,500)
Acquisition of an investment in an associate	(80)	—
Advance to a shareholder	—	—
Repayment of loan receivables	—	26,000
Proceeds from disposal of a subsidiary, net of cash disposed	5	—
Proceeds from disposal of property, plant and equipment	6,357	1,770
Net cash (used in) from investing activities	(5,638)	17,173
Cash flows from financing activities		
Withdrawal (placement) of restricted bank deposits	193	170
Repayments of borrowings	40 (1,833)	(6,803)
Interest paid on borrowings	40 (4,793)	(4,574)
Repayments of lease liabilities	40 (5,577)	(2,962)
(Decrease) increase in amounts due to shareholders	40 (3,706)	(9,256)
Proceeds from placing of shares	3,154	—
Proceeds from issue of shares	5,258	2,973
Transaction costs attributable to issue of shares	40 (718)	—
Net cash from (used in) financing activities	(8,022)	(20,452)
Net decrease in cash and cash equivalents	(2,495)	330
Cash and cash equivalents at beginning of year	1,776	1,409
Effect of exchange rate changes on cash and cash equivalents	965	37
Cash and cash equivalents at end of year, represented by bank balances and cash	246	1,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

China Saftower International Holding Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 October 2018. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. Principal activities of the Company and its subsidiaries (the “**Group**”) are manufacturing and sales of wires and cables, and polymer cable materials.

The shares of the Company have been listed on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Going concern basis

During the year ended 31 December 2025, the Group incurred a net loss of RMB121,273,000 and as at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB157,273,000 and RMB100,143,000 respectively. The Group’s total borrowings amounted to approximately RMB56,181,000, out of which RMB45,171,000, are repayable on demand or due for repayment within the next twelve months from the end of the reporting period, while its bank balances and cash and restricted bank deposits amounted to RMB246,000 and RMB11,000 respectively at 31 December 2025.

In addition, as at 31 December 2025, the Group was in default of borrowings with principal amount of RMB25,601,000 and interest payable totally RMB9,579,000 due to events of default of late or overdue payment of loan principal and interest during the year ended or as at 31 December 2025. These conditions significant doubt about the Group’s ability to continue as a going concern. All of the above conditions indicate the existence of material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern basis (Continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

- (i) The Group is actively negotiating with the lending banks and the other lenders for the renewal of banking facilities and other borrowings upon maturity amounted to RMB25,601,000 out of the current borrowings amounted to RMB45,171,000 as at 31 December 2025. The management of the Company is confident that it will be able to extend the borrowings such that no action will be taken by the relevant lenders to demand for immediate repayment of the borrowings in default to resolve the going concern issue. Certain funding arrangements were disclosed in Note 44;
- (ii) The Group will also continue to seek other alternative financing to increase the Group's equity and liquidity when necessary;
- (iii) The Group successfully arranged for the completion of potential disposal of some of the Group subsidiaries together with the part of the overdue loans and other liabilities; and
- (iv) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation, management remuneration adjustments and capital expenditure control. This measure may reduce cash outflow and improve the cash flow of the Group.

The directors of the Company have reviewed the Group's cash flow projections prepared by management of the Group, which cover a period of not less than twelve months from 31 December 2025. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated statement of financial position. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, multiple uncertainties related to going concern exist as to whether the Group is able to achieve its plans and measures as described above.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(c) Functional and presentation currencies

The Company's functional currency is Hong Kong dollar ("HK\$"). As the Group's operations are principally conducted in the PRC, the consolidated financial statements have been presented in Chinese Renminbi ("RMB").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

3.1 Amendments to an HKFRS and Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by HKICPA for the first time, which are mandatorily effective for the Group's annual period as on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.2 New and amendments to HKFRS Accounting Standards in issue but are not yet effective

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

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

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

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

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

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

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

3.2 New and amendments to HKFRS Accounting Standards in issue but are not yet effective (Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount 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 the owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate.

In the Company's statements of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivables.

4.3 Non-controlling interests

Non-controlling interests in a subsidiary relate to the equity in the subsidiary which is not attributable directly or indirectly to the owners of the parent. The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4 Goodwill

Goodwill arising on acquisition of a business is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. 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, by comparing its carrying amount with its recoverable amount (see note 4.17).

When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated 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 on the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.5 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 over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5 Investment in an associate (Continued)

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 in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate maybe 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.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

When an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, upon initial recognition the entity may elect to measure the investment as designated at FVTPL and accounted for in accordance with HKFRS 9 "Financial Instruments". Such investments shall be measured at fair value in accordance with HKFRS 9, with changes in fair value recognised in profit or loss in the period of the change.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	Over the shorter of the term of lease, or 30 years
Plant and machinery	Over the shorter of the term of lease, or 10–30 years
Furniture and fixtures	3–5 years
Computer and office equipment	3–10 years
Motor vehicles	5–10 years

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Disposal group held-for-sale

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 is classified as held-for-sale when the criteria described above are met, regardless of whether the Group will retain a noncontrolling 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 HKFRS 9 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

4.8 Leases

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

The Group as lessor

The leases are classified as operating leases.

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Leases (Continued)

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amounts of the initial measurement of the lease liabilities (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

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

Refundable rental deposits

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

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed lease payments less any lease incentives receivable.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Leases (Continued)

Lease liabilities (Continued)

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

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.9 Intangible assets (other than goodwill)

(i) *Intangible assets acquired separately*

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation expense is recognised in profit or loss and included in administrative expenses. The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The amortisation expense is recognised on a straight-line basis over their useful lives as follows:

Computer software	10 years
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The management of the Group considers the expected usage of the computer software by the Group, technological obsolescence and other factors to justify the useful lives of the computer software.

(ii) *Internally generated intangible assets (research and development costs)*

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- a. it is technically feasible to develop the product for it to be sold;
- b. adequate resources are available to complete the development;
- c. there is an intention to complete and sell the product;
- d. the Group is able to sell the product; and
- e. sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in cost of sales.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.9 Intangible assets (other than goodwill) (Continued)

(iii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) *Derecognition of intangible assets*

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

(v) *Impairment of intangible assets*

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4.15).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

4.10 Financial instruments

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially measured in accordance with HKFRS 15.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Financial instruments (Continued)

(i) **Financial assets (Continued)**

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(ii) **Impairment loss on financial assets**

(a) Measurement and recognition of ECL

The Group recognises loss allowances for expected credit loss ("**ECL**") on trade receivables and financial assets measured at amortised cost. ECLs are measured on either of the following bases:

- (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and
- (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

(a) Measurement and recognition of ECL (continued)

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical credit loss experience and informed credit assessment and including forward-looking information.

The Group rebutted the presumption of a financial asset has increased credit risk significantly if it is more than 30 days past due based on the customers' past payment history and current ability of making payments. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group rebutted the presumption of default under ECL model for a financial asset over 90 days past due based on the customers' past payment history and current ability of making payments. The Group considers that default has occurred when a financial asset is more than 1 year past due. Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis.

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

- Past-due status; and
- Nature, size and industry of debtors

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

(b) 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:

- (1) significant financial difficulty of the issuer or the borrower;
- (2) a breach of contract, such as a default or past due event;

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

(b) Credit-impaired financial assets (Continued)

- (3) 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;
- (4) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (5) the disappearance of an active market for that financial asset because of financial difficulties; or
- (6) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(c) Definition of default

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

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

(d) Write-off-policy

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

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and bills payables, other payables, borrowings, amounts due to shareholders, amount due to non-controlling interest and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Financial instruments (Continued)

(vi) **Derecognition (Continued)**

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.11 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.12 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) **Sales of wires and cables**

Customers obtain control of the wires and cables when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the wires and cables. There is generally only one performance obligation. Invoices are normally payable within 90 days upon acceptance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.12 Revenue recognition (Continued)

(ii) Sales of polymer cable materials

Customers obtain control of the polymer cable materials when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the polymer cable materials. There is generally only one performance obligation. Invoices are normally payable within 5 days.

(iii) Warranties

The Group normally provides warranty services from 1 to 2 years to its customers regarding the sales of wires and cables. The customers do not have an option to purchase warranty separately. The Group accounts for warranty in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Contract liabilities

A contract liability represents the Group’s obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract liability relating to a contract is accounted for and presented on a net basis.

4.13 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.13 Income taxes (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries 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 liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period and reflects any uncertainty related to income tax.

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 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.

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 tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.13 Income taxes (Continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4.14 Cash and cash equivalents

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

4.15 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “**functional currency**”) are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the end of reporting period. 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 translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those prevailing when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate prevailing at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.16 Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. Pursuant to the relevant labour rules and regulations in the mainland China, employees of the Group in the mainland China participated in the central pension scheme (“**Scheme**”), which is a defined contribution plan administered by the mainland China government, whereby the Group is required to make contributions to the Scheme based on certain percentages of the eligible employees’ salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. Contributions made to the Scheme vest immediately.

4.17 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepayments;
- right-of-use assets;
- intangible assets;
- investments in a subsidiary; and
- Goodwill

If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.17 Impairment of assets (other than financial assets) (Continued)

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. 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.

4.18 Borrowing costs

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

4.19 Provisions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.19 Government grants

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

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

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

4.20 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Group, being the chief operating decision maker (“**CODM**”) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components reported to the CODM are determined based on the Group’s major products and service lines stated in Note 6.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRS Accounting Standards, except interest income, unallocated financial costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, 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.

(i) **Determination on lease term of contracts**

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to offices and factories. The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Group and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group;
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

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

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty, that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) *Estimated useful lives of property, plant and equipment and intangible assets*

In determining the useful lives of property, plant and equipment and intangible assets, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Depreciation and amortisation charge are revised if the estimated useful lives of items of property, plant and equipment and intangible assets are different from the previous estimation. Estimated useful life is reviewed, at the end of the financial year, based on changes in circumstances.

(ii) *Estimated impairment of property, plant and equipment, right-of-use assets and intangible asset*

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

As at 31 December 2025, the carrying amounts of right-of-use assets, property, plant and equipment, and intangible assets subject to impairment assessment were RMB4,157,000, RMB65,187,000 and RMB5,000 respectively (2024: RMB14,158,000, RMB94,473,000 and RMB504,000) respectively, after taking into account the impairment losses of RMB17,389,000 (2024: RMB1,998,000) in respect of right-of-use assets, property, plant and equipment and intangible assets that have been recognised respectively. Details of the impairment of right-of-use assets, property, plant and equipment, and intangible assets are disclosed in note 16, 17 and 20.

(iii) *Assessment of the net realisable value of inventories*

Inventories are stated at the lower of cost and net realisable value. Management carries out an assessment to determine if there are inventories that have to be written down to net realisable value as at the end of the reporting period. Management estimates the net realisable value of inventories based on the latest market prices and current market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

Key sources of estimation uncertainty (Continued)

(iv) Impairment of trade and other receivables

Management determines the provision for the trade receivables based on the ECLs which uses a lifetime expected loss allowance for all trade receivables. Management also determines the provision for the other receivables based on the ECLs which use either 12-month or lifetime ECLs depending whether the credit risk has increased significantly since initial recognition. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical credit loss rates appropriately adjusted in accordance with current economic conditions, customer-specific conditions and forward-looking information to estimate the ECLs for the impairment assessment.

(v) Deferred tax assets

As at 31 December 2025, a deferred tax asset of RMB330,000 (2024: RMB2,061,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB81,690,000 due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future 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.

6. SEGMENT INFORMATION

(a) Operating segments

The Group was principally engaged in manufacturing and sales of wires and cables, and polymer cable materials in the PRC. Information reported to the Group's CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. For management purpose, the Group has only one operating segment which is the manufacturing and sales of wires and cables, and polymer cable materials. Accordingly, no operating segment information is presented.

(b) Geographic information

The Group's revenue was all derived from customers based in the PRC and all the Group's non-current assets are located in the PRC. Therefore, no geographical segment reporting is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (CONTINUED)

(c) Information about major customers

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

	2025 RMB'000	2024 RMB'000
Customer A	140,371	157,742
Customer B	66,224	N/A ⁽¹⁾

⁽¹⁾ The corresponding revenue did not contribute over 10% revenue of the Group.

7. REVENUE

Revenue represents the amount received and receivable from manufacturing and sales of wires and cables and polymer cable materials during the years:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
<i>Type of goods</i>		
Manufacturing and sales of wires and cables, recognised at a point in time	231,692	236,332
Manufacturing and sales of polymer cable materials, recognised at a point in time	24,467	20,278
	256,159	256,610

The Group applies the practical expedient of not disclosing the transaction price allocated to remaining performance obligations that is part of a contract that has original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. OTHER INCOME

	Notes	2025 RMB'000	2024 RMB'000
Other income			
Interest income from other receivables		1,392	—
Interest income from rental deposits		80	27
Government grants and subsidies	(i)	1,472	3,356
Service income	(ii)	123	1,280
Rental income		2,326	972
Others		725	—
		6,118	5,635

Notes:

- (i) The Group received government grants and subsidies in relation to the support of the Group's operations, purchase of plant and machinery and the reward of the employment of disabled people in the PRC. There were no unfulfilled conditions in relation to the grants and subsidies. In 2017, the Group received a government subsidy of approximately RMB3,700,000 towards the purchase of certain machinery. The amount has been treated as deferred income. The amount is transferred to income over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current year of RMB368,000 (2024: RMB368,000). As at 31 December 2025, an amount of RMB613,000 (2024: RMB981,000) remains in deferred income to be amortised.
- (ii) Service income was charged to the customers for the service of collection and payment on behalf of the customers.

9. OTHER GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Gain on derecognition of trade payables	—	14,533
Gain on disposal of property, plant and equipment	1,148	—
Loss on lease modification	(685)	—
Others	1,758	—
	2,221	14,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expenses on bank and other borrowings	7,642	6,267
Interest expenses on lease liabilities	897	596
Others	315	268
	8,854	7,131

11. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2025 RMB'000	2024 RMB'000
Cost of inventories recognised as cost of sales	257,673	255,564
Auditor's remuneration		
— Audit services	811	811
Research costs (other than amortisation costs)	—	97
Depreciation of property, plant and equipment	6,581	5,714
Depreciation of right-of-use assets	2,691	2,805
(Gain) loss on disposal of property, plant and equipment, net	(1,148)	266
Gain on disposal of a subsidiary	(3)	—
Amortisation of intangible assets	32	54
Allowance for ECLs on trade receivables, net	78,043	41,831
Bad debt written off on trade receivables	—	811
(Reversal of) allowance for ECLs on other receivables, net	(556)	1,272
Loss on lease modification	685	—
Write-off of property, plant and equipment	1,966	1,251
Impairment losses on property, plant and equipment	17,389	1,998
Employee costs (including directors' remuneration (Note 12))		
— Wages, salaries and other benefits	8,552	8,790
— Contributions to defined contribution retirement plans	1,232	1,504
	9,784	10,294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement plans RMB'000	Total RMB'000
For the year ended 31 December 2025					
<i>Executive directors:</i>					
Mr. Dang Fei (Chairman and Chief Executive Director)	400	108	—	21	529
Mr. Wang Xiaozhong	350	93	—	19	462
Ms. Luo Xi	—	152	—	19	171
Ms. Zhou Wenqi (Note (e))	83	—	—	—	83
Mr. Cheung Wai Yin (Note (e))	100	—	—	—	100
Mr. Li Xia (Note (c))	—	—	—	—	—
Ms. Hu Yi (Note (b))	—	152	—	19	171
Mr. Wang Yifan (Note (d))	—	—	—	—	—
<i>Independent non-executive directors:</i>					
Mr. Zuo Xinzhang	60	—	—	—	60
Mr. Ma Kaibing (Note (f))	—	—	—	—	—
Mr. Wang Zhenxing (Note (g))	—	—	—	—	—
Mr. Li Jian	30	—	—	—	30
Dr. Tsang Hing Bun (Note (h))	13	—	—	—	13
	1,036	505	—	78	1,619
For the year ended 31 December 2024					
<i>Executive directors:</i>					
Mr. Dang Fei (Chairman and Chief Executive Director)	—	108	33	21	162
Mr. Wang Xiaozhong	—	127	33	19	179
Ms. Luo Xi	—	146	32	19	197
Mr. Luo Qiang (Note (a))	—	47	—	6	53
Mr. Li Xia (Note (c))	—	300	—	—	300
Ms. Hu Yi (Note (b))	—	146	32	19	197
Mr. Wang Yifan (Note (d))	332	—	—	—	332
<i>Independent non-executive directors:</i>					
Mr. Zuo Xinzhang	60	—	—	—	60
Mr. Ma Kaibing (Note (f))	111	—	—	—	111
Mr. Li Jian	30	—	—	—	30
	533	874	130	84	1,621

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' remuneration (Continued)

Notes:

- (a) Resigned on 19 January 2024
- (b) Appointed on 19 January 2024.
- (c) Appointed on 19 January 2024 and resigned on 18 July 2025.
- (d) Appointed on 19 January 2024 and resigned on 6 August 2025.
- (e) Appointed on 18 July 2025.
- (f) Resigned on 17 October 2025.
- (g) Appointed on 17 October 2025 and resigned on 10 November 2025.
- (h) Appointed on 10 November 2025 and resigned on 27 March 2026.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and the Group, if applicable. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During the year, none of the directors (2024: Nil) waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, five (2024: four) were directors of the Company whose emoluments are included in the disclosures in note 12(a) above. The emolument of the remaining nil (2024: one) individual was as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and other benefits	—	173
Contributions to defined contribution retirement plans	—	19
	—	192

The emolument paid or payables to each of the above individuals were within the following bands:

	2025 No of individuals	2024 No of individuals
Nil to HK\$1,000,000	—	1

Emoluments paid or payable to members of senior management who are not directors were within the following band:

	Year ended 31 December	
	2025 No of individuals	2024 No of individuals
Nil to HK\$1,000,000	—	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INCOME TAX (CREDIT)EXPENSE

The income tax (credit) expense in the consolidated statements of profit or loss and other comprehensive income during the year represents:

	2025 RMB'000	2024 RMB'000
Current tax	(221)	—
Under-provision in prior years	—	25
Deferred tax (Note 19)	(286)	6,537
Income tax (credit) expense	(507)	6,562

No Hong Kong profits tax was provided as the Group has no estimated assessable profit in Hong Kong during the years ended 31 December 2025 and 31 December 2024.

Provision for EIT in the PRC is calculated based on a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the income tax laws and regulations applicable to the operating subsidiaries in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INCOME TAX (CREDIT) EXPENSE (CONTINUED)

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

	2025 RMB'000	2024 RMB'000
Loss before tax	(121,780)	(61,615)
Tax calculated at EIT of 25% in the PRC	(30,445)	(15,404)
Tax effect of income not taxable for tax purpose	(2,836)	(1,799)
Tax effect of expenses not deductible for tax purpose	4,894	261
Tax effect of deductible temporary differences not recognised	5,441	10,635
Tax effect of tax losses not recognised	22,905	11,727
Under-provision in respect of prior years	—	25
Others	(466)	1,117
Income tax (credit) expense	(507)	6,562

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB3,768,000 (2024: RMB8,957,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

14. DIVIDENDS

No dividend has been paid or declared by the Company during the year of 2025, nor has any dividend been proposed since the end of the year ended 31 December 2025 (2024: Nil).

15. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The basic loss per share attributable to owners of the Company for the year is calculated based on the loss attributable to owners of the Company of approximately RMB107,169,000 (2024: RMB58,836,000), and the weighted average number of ordinary shares of 147,093,000 in issue (2024: 99,762,000 shares (restated)). The Company did not have any potential dilutive shares for the years ended 31 December 2025 and 2024. Accordingly, the diluted loss per share are the same as the basic loss per share.

The weighted average number of ordinary shares for the years ended 31 December 2025 and 2024 has been adjusted for the effect of issuance of shares on right issue as stated in Note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Construction in progress RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost							
At 1 January 2024	91,390	1,342	38,108	167	1,131	3,445	135,583
Additions	—	12,425	10,253	3	20	—	22,701
Written-off	—	(1,251)	(14)	—	—	—	(1,265)
Transfer	—	(12,499)	12,499	—	—	—	—
Disposals	—	—	(3,938)	—	—	—	(3,938)
At 31 December 2024 and 1 January 2025	91,390	17	56,908	170	1,151	3,445	153,081
Additions	—	—	11,433	—	348	139	11,920
Written-off	(2,431)	(15)	—	—	—	—	(2,446)
Reclassified as assets classified as held-for-sale	(9,855)	—	(232)	—	—	—	(10,087)
Disposal of a subsidiary	—	—	—	—	(16)	(249)	(265)
Disposals	—	—	(5,194)	—	(1)	(226)	(5,421)
At 31 December 2025	79,104	2	62,915	170	1,482	3,109	146,782
Accumulated depreciation and impairment							
At 1 January 2024	25,238	—	23,584	81	884	3,025	52,812
Depreciation	2,902	—	2,486	5	28	293	5,714
Impairment losses	—	—	1,989	9	—	—	1,998
Written-off	—	—	(14)	—	—	—	(14)
Disposals	—	—	(1,902)	—	—	—	(1,902)
At 31 December 2024 and 1 January 2025	28,140	—	26,143	95	912	3,318	58,608
Depreciation	2,815	—	3,628	5	50	83	6,581
Impairment losses	—	—	17,330	59	—	—	17,389
Reclassified as assets classified as asset held-for-sale	(82)	—	(5)	—	—	—	(87)
Written-off	(480)	—	—	—	—	—	(480)
Disposal of a subsidiary	—	—	—	—	(16)	(188)	(204)
Disposals	—	—	(42)	—	—	(170)	(212)
At 31 December 2025	30,393	—	47,054	159	946	3,043	81,595
Net book value							
At 31 December 2025	48,711	2	15,861	11	536	66	65,187
At 31 December 2024	63,250	17	30,765	75	239	127	94,473

Based on an outlook of the development progress in current year, for the purpose of impairment testing, there is 1 CGU (2024: 1 CGU) subject to impairment assessment as at 31 December 2025.

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

四川蜀塔實業有限公司, 廣元同創新材料有限公司, 廣元蜀塔電纜有限公司及廣元蜀塔科技有限公司 (**Sichuan Saftower Industry Company Limited**)(“**Sichuan Saftower**”), (**Guangyuan Tongchuang New Materials Company Limited**) (“**Guangyuan Tongchuang**”), (**Guangyuan Saftower Cable Company Limited**) (“**Guangyuan Saftower**”) and (**Guangyuan Saftower Technology Company Limited**) (“**Guangyuan Saftower Technology**”)

For this CGU, management carried out an impairment test on the property, plant and equipment, intangible asset and right-of-use asset as at 31 December 2025, with carrying amount of RMB62,793,000 (2024: RMB79,806,000).

The recoverable amount of the assets has been determined based on a value in use calculation. The recoverable amount of this CGU is determined based on value in use calculation performed by management of the Group with assistant of an independent professional valuer, Royson Valuation Advisory Limited. The calculation uses cash flow projection based on the approved business plan of Guangyuan Tongchuang, Guangyuan Saftower and Guangyuan Saftower Technology, which reflects cash flow less estimated costs, discounted at a pre-tax discount rate of 15% (2024: 13%). One of the key assumptions of the cash flow projection is the annual growth rate in revenue which is based on the potential orders negotiated before year. The discount rate used reflects specific risks relating to the business.

As a result of the above assessment, impairment loss was recognised for the property, plant and equipment, amounted to RMB17,389,000 (2024: RMB1,998,000) and no impairment loss was recognised for the intangible asset and right-of-use asset for the year ended 31 December 2025 (2024: Nil).

As at 31 December 2025, the Group’s buildings with an aggregate net carrying amount of RMB28,641,000 (2024: RMB40,373,000) were pledged as securities for the bank and other borrowings as set out in Note 30.

As at 31 December 2025, the Group’s plant and machinery with an aggregate net carrying amount of RMB Nil (2024: RMB2,523,000) were pledged as securities for the bank and other borrowings as set out in Note 30.

* *English translated name is for identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS

	Computer softwares RMB'000
Cost	
At 1 January 2024	657
Addition	97
	<hr/>
At 31 December 2024 and 1 January 2025	754
Disposal of a subsidiary	(607)
	<hr/>
At 31 December 2025	147
Accumulated amortisation	
At 1 January 2024	196
Amortisation	54
	<hr/>
At 31 December 2024 and 1 January 2025	250
Amortisation	32
Disposal of a subsidiary	(140)
	<hr/>
At 31 December 2025	142
	<hr/>
Net book value	
At 31 December 2025	5
	<hr/>
At 31 December 2024	504
	<hr/>

Detail of impairment assessment are set out in Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INVESTMENT IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Investment in an associate under equity method	60	—

Details of each of the associate at the end of the reporting period are as follows:

Name of the Entity	Place of incorporation and principal activity	Portion of ownership interest		Portion of voting rights held by the Group	
		2025	2024	2025	2024
Bazhong Sanxin Renewable Resources Utilization Co., Ltd. (巴中叁鑫再生資源利用有限公司)	Sales of renewable resources in the PRC	30%	—	30%	—

	2025 RMB'000	2024 RMB'000
At the beginning of the year	—	—
Additions (Note)	80	—
Share of loss for the year	(20)	—
At the end of the year	60	—

Note:

- (a) During the year ended 31 December 2025, the Group invested for the 30% equity interest of Bazhong Sanxin Renewable Resource Utilization Co., Ltd. at a consideration of RMB80,000.
- (b) In the opinion of the directors of the Company, the associate is not considered as individually material to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. DEFERRED TAX

	2025 RMB'000	2024 RMB'000
Deferred tax assets	330	2,061
Deferred tax liabilities	732	2,749

(i) Deferred tax assets

Details of the deferred tax assets of the Group recognised and movements during the year and the prior year are as follows:

	Tax losses RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	7,263	2,656	9,919
Charge to profit or loss for the year	(7,263)	(595)	(7,858)
At 31 December 2024 and 1 January 2025	—	2,061	2,061
Charge to profit or loss for the year	—	(1,731)	(1,731)
At 31 December 2025	—	330	330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. DEFERRED TAX (CONTINUED)

(ii) Deferred tax liabilities

Details of the deferred tax liabilities of the Group recognised and movement, during the year and the prior year are as follows:

	Accelerated tax depreciation RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	1,365	2,705	4,070
(Credit) charge to profit or loss for the year	(672)	(649)	(1,321)
At 31 December 2024 and 1 January 2025	693	2,056	2,749
Credit to profit or loss for the year	(657)	(1,360)	(2,017)
At 31 December 2025	36	696	732

The Group has not recognised deferred tax assets in respect of tax losses arising in the PRC of RMB171,176,000 (2024: RMB79,555,000), that will expire in one to five years, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At the end of the reporting period, the Group has unrecognised deductible temporary differences of RMB60,159,000 (2024: RMB55,785,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Leasehold building RMB'000	Moter vehicle RMB'000	Total RMB'000
Cost				
At 1 January 2024, 31 December 2024 and 1 January 2025	8,659	12,984	112	21,755
Reclassified as assets classified as held for sale	(4,383)	—	—	(4,383)
Lease modification	—	(2,931)	—	(2,931)
Disposal of a subsidiary	—	—	(112)	(112)
At 31 December 2025	4,276	10,053	—	14,329
Accumulated depreciation				
At 1 January 2024	2,571	2,167	54	4,792
Depreciation	187	2,597	21	2,805
At 31 December 2024 and 1 January 2025	2,758	4,764	75	7,597
Reclassified as assets classified as held for sale	(31)	—	—	(31)
Depreciation	172	2,509	10	2,691
Disposal of a subsidiary	—	—	(85)	(85)
At 31 December 2025	2,899	7,273	—	10,172
Net book value				
At 31 December 2025	1,377	2,780	—	4,157
At 31 December 2024	5,901	8,220	37	14,158

The right-of-use assets for the land use rights are under medium-term leases in the PRC and are depreciated over range from 40 to 48 years on a straight-line basis.

As at 31 December 2025, the Group's land use rights with an aggregate net carrying amount of approximately RMB1,377,000 (2024: RMB5,901,000) were pledged as securities for the bank and other borrowings as set out in Note 30.

Details of impairment assessment are set out in Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	2,125	3,604
Work-in-progress	1,693	783
Finished goods	4,528	5,700
	8,346	10,087

22. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	134,726	169,834
Less: Allowance for ECLs on trade receivables	(133,356)	(55,313)
	1,370	114,521

The credit period granted to customers is ranging from 0 to 365 days (2024: 0 to 365 days) as at the end of the reporting period.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
0 to 60 days	499	14,491
61 to 180 days	368	22,661
181 to 365 days	180	3,166
Over 365 days	133,679	129,516
	134,726	169,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Non-current:		
Deposits	1,039	634
Prepayments	116	12
	1,155	646
Current:		
Prepayments	312	485
Prepayments to suppliers	20,386	9,521
Deposits	27	11,686
VAT recoverable	8,878	10,451
Other receivables	5,790	4,263
Less: Allowance for ECLs on other receivables	(1,547)	(2,103)
	33,846	34,303
	35,001	34,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. AMOUNTS DUE TO SHAREHOLDERS

The amounts due to shareholders are unsecured, non-interest bearing, repayable on demand (except as separately stated below) and non-trade in nature.

	2025 RMB'000	2024 RMB'000
Amounts due to shareholders		
Mr. Dang Fei (<i>Note (a)</i>)	409	4,853
Mr. Wang Xiaozhong	1,128	83
Mr. Fu Chuanrong	—	197
Mr. Tan Bangyao (<i>Note (b)</i>)	202	132
	1,739	5,265

- (a) During the year ended 31 December 2025, no amount due to shareholder was waived by Mr. Dang Fei (2024: RMB7,200,000).
- (b) The balance is non-interest bearing, repayable according to the agreed-upon schedule and secured by:
- (i) Property of close family member of director of the Company;
 - (ii) Property of the director of the Company;
 - (iii) Property of the independent third party;
 - (iv) Property of the Group's key management personnel; and
 - (v) Equity shares of the Company held by the director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

Restricted bank deposits amounting to approximately RMB11,000 as at 31 December 2025 (2024: RMB204,000), representing the bank balance being frozen by court. The Group's restricted bank deposits carry interest at prevailing market rates which at 0.05 % per annum as at 31 December 2025 (2024: from 0.1% to 0.42% per annum).

Bank balances and cash

Bank balances and cash comprise cash on hand and at banks which are not restricted as to use. Cash at banks earns interest at floating rates based on daily bank deposit rates.

The cash on hand and at banks are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	229	1,722
United State dollar ("US\$")	3	3
Hong Kong dollar ("HK\$")	14	51
	246	1,776

26. ASSETS CLASSIFIED AS HELD FOR SALE

On 31 December 2025, the director of the Company entered into a conditional sales and purchase agreement with an independent third party to dispose the entire issued share capital of Sichuan Xin Hao Yue New Materials Co., Ltd ("**Xin Hao Yue**"), an indirect wholly-owned subsidiary of the Company, which carried out research and development of new material wires and cables in the PRC. The assets and liabilities attributable to the Xin Hao Yue, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

The net proceeds of disposal of Xin Hao Yue was RMB2,700,000, which exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized.

The transaction was completed and the proceeds has been received before the date of approval of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities of the Xin Hao Yue classified as held-for-sale are as follows:

	2025 RMB'000
Property, plant and equipment	10,000
Right-of-use assets	4,352
Prepayments, deposits and other receivables	6
Total assets classified as held-for-sale	14,358
Accruals and other payables	2,102
Borrowings (Note 40(b))	14,514
Total liabilities directly associated with assets classified as held-for-sale	16,616

Cumulative amount of HK\$286,000 relating to Xin Hao Yue classified as held for sale has been recognised in other comprehensive income and included in equity.

27. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities arising from sales of goods	4,715	632

The Group's contract liabilities represent advance consideration received from customers as at the year end date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. CONTRACT LIABILITIES (CONTINUED)

Movements in the contract liabilities during the year are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	632	2,816
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning of year	(632)	(2,816)
Increase in contract liabilities as a result of cash received, excluding amounts recognised during the year	4,715	632
At 31 December	4,715	632

28. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Non current:		
Trade payable (Note (a))	877	2,077
Current:		
Trade payables	79,815	97,285
	80,692	99,362

(a) During the year ended 31 December 2024, the Group entered into an agreement with a supplier to extend the payment terms of outstanding trade payables for a period of three years. As a result of this agreement, trade payables have been classified as non-current liabilities at 31 December 2024 and 2025.

The credit period on purchases from suppliers is generally ranging from 0 to 120 days from invoice date (2024: 0 to 120 days from invoice date) as at the end of the reporting period.

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
0 to 60 days	5,163	46,632
61 to 180 days	37,609	26,504
181 to 365 days	32,118	5,386
Over 365 days	5,802	20,840
	80,692	99,362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Non-current:		
Other payables	900	1,550
Current:		
Accrued operating expenses	11,097	11,757
Accrued employee benefit expense	2,449	2,582
Payables for purchase of property, plant and equipment	2,737	2,707
Other taxes payable	3,391	11,547
Interest payable	11,379	8,215
Deposits received	414	1,173
Other payables (Note (a))	34,650	30,958
	66,117	68,939
	67,017	70,489

- (a) During the year ended 31 December 2024, the Group entered into an agreement with 巴中振興發展一號產業投資基金 (“**Bazhong State-owned Fund**” or “**the Fund**”) to raise two tranches of financing, including in which first tranche amounted to RMB60,000,000 and the second tranche amounted to RMB20,000,000. The investor is entitled to a 10% guaranteed return from one of the subsidiaries of the Company upon the completion of first tranche financing. As at 31 December 2025, no further prepayment from the fund was received (2024: RMB25,000,000). Upon the completion of first tranche financing, the prepayment will be reclassified to borrowing.

30. BORROWINGS

	2025 RMB'000	2024 RMB'000
Current:		
Secured and guaranteed interest-bearing bank borrowings repayable within one year (Note (i) & (ii))	30,068	37,465
Secured and guaranteed interest-bearing other borrowings repayable within one year (Note (i) & (ii))	14,650	11,790
Unsecured and unguaranteed interest-bearing other borrowings repayable within one year (Note (iii))	453	453
	45,171	49,708
Non-current:		
Secured and guaranteed interest-bearing bank borrowings repayable after one year (Note (i) & (ii))	2,400	9,550
Secured and guaranteed interest-bearing other borrowings repayable after one year (Note (i) & (ii))	8,610	13,270
	11,010	22,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. BORROWINGS (CONTINUED)

Notes:

- (i) The bank borrowings and other borrowings are secured by:
- (a) Buildings with an aggregate net carrying amount of approximately RMB28,641,000 as at 31 December 2025 (2024: RMB40,373,000) as disclosed in Note 16;
 - (b) Land use rights with an aggregate net carrying amount of approximately RMB1,377,000 as at 31 December 2025 (2024: RMB5,901,000) as disclosed in Note 20;
 - (c) Property of close family members of directors of the Company;
 - (d) Properties of the directors of the Company;
 - (e) Properties of the independent third parties;
 - (f) Properties of the Group's key management personnel and their close family members;
 - (g) No plant and machinery was pledged as at 31 December 2025 (2024: RMB2,523,000) as disclosed in Note 16; and
- (ii) The bank borrowings and other borrowings are guaranteed by:
- (a) directors of the Company;
 - (b) shareholders of the Company;
 - (c) close family members of directors of the Company; and
 - (d) independent third parties.
- (iii) The other borrowings are fixed interest ranged from 3% to 12% (2024: ranged from 3% to 12%) per annum, unsecured and due to be settled on demand.
- (iv) The Group's variable-rate borrowings carry interest at 3% plus 0.2% to 0.3% (2024: at 3% plus 0.3% to 0.5%).
- (v) As at 31 December 2025, the Group was in default in respect of principal amount of borrowings totaling approximately RMB25,601,000 (2024: RMB15,159,000) due to the events of default of late or overdue payment of loan principal and interest during the year ended or as at 31 December 2025.

At the end of the reporting period, the Group's bank and other borrowings are scheduled to repay as follows:

	2025 RMB'000	2024 RMB'000
On demand or within one year	45,171	49,708
More than one year, but not exceeding two years	2,450	7,660
More than two years, but not exceeding five years	5,000	10,400
More than five years	3,560	4,760
	56,181	72,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
At 1 January	981	1,349
Credit to profit or loss	(368)	(368)
At 31 December	613	981
Less: Current portion	(368)	(368)
Non-current portion	245	613

Deferred income of the Group represents a government grant in respect of the purchase of plant and machinery of the Group.

32. LEASES

The Group as a lessee

The Group leases lands and building for its production plant and office. The Group also leases certain items of plant and equipment. Lease contractors are entered into for fixed terms of 1.58 years (2024: 5 years). All the lease comprise only fixed payments over the lease terms.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property, the analysis of the net book value by class of underlying asset is as follows:

	2025 RMB'000	2024 RMB'000
Land use rights, carried at depreciated costs	1,377	5,901
Leasehold building, carried at depreciated costs	2,780	8,220
Motor vehicle, carried at depreciated costs	—	37
	2025 RMB'000	2024 RMB'000
Total cash outflow for leases	(5,577)	(2,962)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. LEASES (CONTINUED)

The Group as a lessee (Continued)

Lease liabilities

	Leasehold building RMB'000	Motor vehicle RMB'000
At 1 January 2024	10,495	16
Interest expense	596	—
Lease payments	(2,946)	(16)
At 31 December 2024 and 1 January 2025	8,145	—
Lease modification	(2,246)	—
Interest expense	897	—
Lease payments	(5,577)	—
At 31 December 2025	1,219	—

Future lease payments are due as follows:

	Future lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2025			
Not later than one year	1,270	(51)	1,219
	1,270	(51)	1,219
As at 31 December 2024			
Not later than one year	2,946	(421)	2,525
Later than one year and not later than two years	2,946	(236)	2,710
More than two years but less than five years	2,945	(35)	2,910
	8,837	(692)	8,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. LEASES (CONTINUED)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The present value of future lease payments are analysed as:

	2025 RMB'000	2024 RMB'000
Current liabilities	1,219	2,525
Non-current liabilities	—	5,620
	1,219	8,145

At 31 December 2025, the weighted average incremental borrowing rate applied to lease liability is 7.16% (2024: 7.16%) per annum.

33. SHARE CAPITAL

	Number	Amount RMB'000
Authorised:		
At 1 January 2024		
Share consolidation (Note (a))	4,000,000,000	35,994
At 31 December 2024 and at 31 December 2025	(3,600,000,000)	—
	400,000,000	35,994
Issued and fully paid:		
At 1 January 2024	920,000,000	8,222
Share consolidation (Note (a))	(828,000,000)	—
Issue of shares upon subscription (Note (b))	18,400,000	1,691
At 31 December 2024 and at 1 January 2025	110,400,000	9,913
Issue of shares upon share allotment at HK\$0.11 each (Note (c))	45,775,245	5,258
Issue of shares upon share placing at HK\$0.105 each (Note (d))	31,000,000	3,154
At 31 December 2025	187,175,245	18,325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. SHARE CAPITAL (CONTINUED)

Notes:

- (a) On 10 July 2024, share consolidation of every ten (10) issued and unissued shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of par value of HK\$0.1 each.
- (b) On 16 August 2024, the Company issued 18,400,000 ordinary shares of HK\$0.1 each at a price of HK\$0.2 per share pursuant to the subscription agreement dated 22 May 2024.
- (c) On 28 April 2025, the Company allotted on the basis of one (1) share for every two (2) shares held on the record date and issue of rights share on the same day pursuant to the right issue.
- (d) On 7 November 2025, the Company issued 31,000,000 shares of HK\$0.105 per share pursuant to the placing agreement dated 21 October 2025.

34. RESERVES

Details of the movement of the Group's reserves are as set out in the consolidated statement of changes in equity.

Movement of the Company's reserves are as follows:

	Share premium RMB'000	Foreign exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	37,111	830	(8,131)	29,810
Loss and total comprehensive expense for the year	—	—	(32,320)	(32,320)
Exchange difference on translation from functional currency to presentation currency	—	1,142	—	1,142
Issue of shares upon subscription (Note 31(b))	1,691	—	—	1,691
Share issue expenses	(409)	—	—	(409)
At 31 December 2024 and 1 January 2025	38,393	1,972	(40,451)	(86)
Loss and total comprehensive expense for the year	—	—	(4,825)	(4,825)
Exchange difference on translation from functional currency to presentation currency	—	(2,450)	—	(2,450)
Share issue expenses	(718)	—	—	(718)
At 31 December 2025	37,675	(478)	(45,276)	(8,079)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. RESERVES (CONTINUED)

The following describes the nature and purpose of each reserve within owners' equity.

Reserves	Description and purpose
Share premium	Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.
Capital reserves	The aggregate paid-up capital of the subsidiaries comprising the Group, and the waiver of the amount due to a shareholder.
Statutory reserves	In accordance with the Company Law of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve funds is 10%. The amount to be transferred to discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both statutory surplus reserve fund and discretionary reserves fund can be capitalised as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered capital.
Foreign exchange reserves	Gains (losses) arising on retranslating the net assets of foreign operation into presentation currency.
Other reserve	The other reserve arose from the equity transaction with the non-controlling interest of Yaan Baosheng in 2023.
Accumulated losses	Cumulative net gains and losses recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in a subsidiary		—*	—*
Amounts due from subsidiaries		9,565	11,742
		9,565	11,742
Current asset			
Amount due from shareholders		3,805	1,503
Bank balances and cash		16	51
		3,821	1,554
Current liabilities			
Accruals and other payables		3,140	3,272
Amounts due to shareholders		—	197
		3,140	3,469
Net current assets (liabilities)		681	(1,915)
Net assets		10,246	9,827
EQUITY			
Share capital	33	18,325	9,913
Reserves	34	(8,079)	(86)
Total equity		10,246	9,827

* Represents the amount less than RMB1,000

The Company's statement of financial position was approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Dang Fei
Director

Wang Xiaozhong
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. INTERESTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name	Country and date of incorporation and form of business structure	Place of incorporation/ operation and principal activity	Registered capital/issued and fully paid up share capital	Percentage of ownership interests	
				2025	2024
Bida Investment Limited ("Bida Investment")	British Virgin Islands ("BVI"), 5 November 2018, limited liability	Investment holding in the BVI	US\$1	100%	100%
China Saftower International Limited ("Saftower International")	Hong Kong, 5 December 2018, limited liability	Investment holding in Hong Kong	HK\$1	100% ⁽¹⁾	100% ⁽¹⁾
Weichi Investment Limited ("Weichi Investment")	BVI, 15 November 2018, Limited liability company	Investment holding in the BVI	US\$1	100% ⁽¹⁾	100% ⁽¹⁾
Wechi Int'l Investment Limited ("Wechi Int'l")	Hong Kong, 27 December 2018, limited liability company	Investment holding in Hong Kong	HK\$1	100% ⁽¹⁾	100% ⁽¹⁾
NE Investment Ltd ("NE Investment")	BVI, 29 December 2023, Limited liability company	Investment holding in the BVI	US\$10,000	100% ⁽¹⁾	100% ⁽¹⁾
蜀塔企業管理(廣元)有限公司 (Saftower Management (Guangyuan) Limited)* ("Saftower Management")	The PRC, 14 May 2019, limited liability company	Investment holding in the PRC	RMB26,292,114	100% ⁽¹⁾	100% ⁽¹⁾
廣元蜀塔科技有限公司(Guangyuan Saftower Technology Company Limited)* ("Guangyuan Saftower Technology")	The PRC, 14 September 2018, limited liability company	Investment holding in the PRC	RMB18,400,000	100% ⁽¹⁾	100% ⁽¹⁾
四川蜀塔實業有限公司(Sichuan Saftower Industry Company Limited)* ("Sichuan Saftower")	The PRC, 24 June 2004, limited liability company	Trading of wires and cables and sale of aluminium products in the PRC	RMB91,800,000	100% ⁽¹⁾	100% ⁽¹⁾
廣元蜀塔電纜有限公司 (Guangyuan Saftower Cable Company Limited)* ("Guangyuan Saftower")	The PRC, 16 February 2015, limited liability company	Manufacturing, processing and sale of semi-finished wires and trading of aluminium products in the PRC	RMB25,200,000	100% ⁽¹⁾	100% ⁽¹⁾
四川量電電纜科技有限公司 (Sichuan Liangdian Cable Technology Company Limited)* ("Sichuan Liangdian")	The PRC, 19 March 2015, limited liability company	Sales of wires and cables in the PRC	RMB100,000	N/A ⁽²⁾	100% ⁽¹⁾
Yaan Baosheng	The PRC, 1 September 2020, limited liability company	Processing of aluminium cast-rolled coil and aluminium plate manufacturing of foil in the PRC	RMB14,000,000	100% ⁽¹⁾	100% ⁽¹⁾

* English translated names are for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Country and date of incorporation and form of business structure	Place of incorporation/ operation and principal activity	Registered capital/issued and fully paid up share capital	Percentage of ownership interests	
				2025	2024
廣元蜀能合金材料有限公司 (Guangyuan Shuneng Alloy Materials Company Limited)* ("Guangyuan Shuneng")	The PRC, 24 January 2018, limited liability company	Production of aluminium rod materials in the PRC	RMB6,800,000	100% ⁽¹⁾	100% ⁽¹⁾
Guangyuan Tongchuang	The PRC, 14 July 2017, limited liability company	Manufacturing, processing and sale of aluminium wires and cables and trading of aluminium products in the PRC	RMB60,000,000	56.67% ⁽¹⁾	56.67% ⁽¹⁾
四川蜀塔能源有限責任公司 (Sichuan Saftower Energy Company Limited)* ("Saftower Energy")	The PRC, 16 March 2023, limited liability company	Manufacturing of carbon nanotubes and auxiliary products of conductive agents in PRC	RMB60,000,000	100% ⁽¹⁾	100% ⁽¹⁾
海南蜀塔益充科技有限公司 (Hainan Saftower Yichong Technology Co., Ltd.) ("Hainan Saftower")	The PRC, 1 March 2024, limited liability company	Investment holding in the PRC	RMB5,100,000	100% ⁽¹⁾	100% ⁽¹⁾
海南特能充科技有限公司 (Hainan Tenengchong Technology Co., Ltd.) ("Hainan Tenengchong")	The PRC, 15 March 2024, limited liability company	Development and operation of charging facilities for Non-motorised Vehicles in the PRC	RMB10,000,000	N/A ⁽³⁾	51% ⁽³⁾
福州大宋物聯網科技有限公司 (Fuzhou Dasong Internet of Things Technology Co., Ltd.) ("Fuzhou Dasong")	The PRC, 15 August 2024, limited liability company	Software development, technical services, and the operation of non-motor vehicle charging facilities in the PRC	RMB1,000,000	N/A ⁽³⁾	51% ⁽¹⁾
四川若爾蓋蜀塔電纜有限責任公司 (Sichuan Ruoergai Shuta Cable Co., Ltd.) ("Sichuan Ruoergai")	The PRC, 25 September 2024, limited liability company	Dormant in the PRC	RMB200,000	100% ⁽³⁾	100% ⁽¹⁾
Xin Hao Yue	The PRC, 14 July 2025	Research and development of new materials of wires and cables in the PRC	RMB5,000,000	100% ⁽⁴⁾	N/A ⁽⁴⁾

Notes:

- (1) The subsidiaries are held indirectly.
- (2) The subsidiary was disposed during the year.
- (3) The subsidiaries were de-registered during the year.
- (4) The subsidiary was incorporated during the year.

* English translated names are for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. NON-CONTROLLING INTERESTS

The following summarises the financial information the Group's subsidiaries with material non-controlling interests ("NCI"), based on the subsidiaries' financial statements prepared in accordance with HKFRS Accounting Standards.

	Guangyuan Tongchuang	
	2025	2024
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	220,862	236,116
Expenses	(253,412)	(257,674)
Loss for the year	(32,550)	(21,558)
Total comprehensive expense	(32,550)	(21,558)
Loss allocated to NCI	(14,104)	(9,341)
For the year ended 31 December		
Cash flows (used in) from operating activities	(220)	25,382
Cash flows used in investing activities	(173)	(26,915)
Cash flows from financing activities	—	1,880
Net cash (outflows) inflows	(393)	347
As at 31 December		
Current assets	59,913	80,497
Non-current assets	17,453	19,884
Current liabilities	(72,210)	(60,960)
Non-current liabilities	(1,804)	(5,116)
Net assets	3,352	34,305
Accumulated NCI	(1,507)	12,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. DISPOSAL OF A SUBSIDIARY

Disposal of equity interest in Sichuan Liangdian Technology Limited (“**Sichuan Liangdian**”):

On 8 July 2025, the Group entered into an equity transfer agreement with an independent third party for the transfer of the Group’s 100% equity interest in Sichuan Liangdian, a wholly-owned subsidiary of the Company with a cash consideration of RMB300,000. There was a gain of RMB3,000 upon the disposal.

The assets and liabilities derecognised as a result of the disposal of Sichuan Liangdian are as follows:

	As at 30 June 2026 RMB'000
Non-current assets	
Property, plant and equipment	61
Intangible assets	467
Right-of-use assets	27
	555
Current assets	
Cash and bank balances	100
	100
Total assets	655
Current liabilities	
Accruals and other payables	324
Contract liabilities	32
Tax payables	2
	358
Total liabilities	358
Net liabilities	297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. DISPOSAL OF A SUBSIDIARY (CONTINUED)

Details of disposal of Sichuan Liangdian:

	Period from 1 January 2025 to 30 June 2025 RMB'000
Consideration receivable	300
Carrying amount of net liabilities disposed	(297)
Gain on disposal of Sichuan Liangdian	3

Reconciliation of the cash flows from disposal of Sichuan Liangdian:

	As at December 31, 2025 RMB'000
Cash received	105
Cash disposed	(100)
Cash flows from disposal of Sichuan Liangdian, net of cash disposed at date of disposal	5

39. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions with related parties:

(a) Compensation to key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in Note 11(a) and certain highest paid employees as disclosed in Note 11(b), is as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowance and other benefits	1,541	1,161
Contributions to defined contribution retirement plans	78	145
	1,619	1,306

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) As at 31 December 2025, RMB4,930,000 of borrowings was advanced from Mr. Tan Bangyao, a shareholder of the Company. The balance is bearing fixed interest rate at 12% per annum, repayable according to the agreed-upon schedule and secured by:

- (i) Property of close family member of director of the Company;
- (ii) Property of the director of the Company;
- (iii) Property of the independent third party;
- (iv) Property of the Group's key management personnel; and
- (v) Equity shares of the Company held by the director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Borrowings RMB'000 (Note 30)	Interest payable RMB'000 (Note 29)	Financing liability included in other payables RMB'000 (Note 29)	Lease liabilities RMB'000 (Note 32)	Amounts due to shareholders RMB'000 (Note 24)
At 1 January 2024	78,098	6,254	25,000	10,511	28,623
Repayments of borrowings	(6,803)	—	—	—	—
Repayment to shareholders	—	—	—	—	(9,256)
Payments of lease liabilities	—	—	—	(2,962)	—
Interest paid on borrowings	—	(4,574)	—	—	—
Total changes from cash flows	(6,803)	(4,574)	—	(2,962)	(9,256)
Non-cash changes:					
Transfer	6,730	—	—	—	(6,730)
Transfer from other payable	4,050	—	—	—	—
Offset with trade receivables	(9,547)	—	—	—	—
Waiver of amount due to a shareholder	—	—	—	—	(7,200)
Interest expense — Lease liabilities	—	—	—	596	—
Interest expense — Borrowings	—	6,535	—	—	—
Exchange realignment	—	—	—	—	8
Total other changes	1,233	6,535	—	596	(13,922)
At 31 December 2024 and 1 January 2025	72,528	8,215	25,000	8,145	5,445
Proceeds from borrowings	—	—	—	—	—
Repayments of borrowings	(1,833)	—	—	—	—
Repayments to shareholders	—	—	—	—	(3,706)
Payments of lease liabilities	—	—	—	(5,577)	—
Interest paid on borrowings	—	(4,793)	—	—	—
Total changes from cash flows	(1,833)	(4,793)	—	(5,577)	(3,706)
Non-cash changes:					
Transfer to assets held for sale (Note 26)	(14,514)	—	—	—	—
Interest expense — Lease liabilities	—	—	—	897	—
Interest expense — Borrowings	—	7,957	—	—	—
Lease modification	—	—	—	(2,246)	—
Exchange realignment	—	—	—	—	—
Total other changes	(14,514)	7,957	—	(1,349)	—
At 31 December 2025	56,181	11,379	25,000	1,219	1,739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Commitment to contribute capital to subsidiaries (<i>Note</i>)	6,200	10,810

Note:

In August 2024, the Group established Hainan Saftower, a company engaged in investment holding, in which the Group will make a capital contribution of RMB5,100,000 and hold 100% of its total interests. It is required to pay up its respective committed registered capital on or before 31 December 2028 pursuant to the Memorandum and Articles of Association.

In August 2024, the Group and an individual third party established Fuzhou Dasong, a company engaged in software development, technical services, and the operation of nonmotor vehicle charging facilities, in which the Group will make a capital contribution of RMB510,000 and hold 51% of its total interests. It is required to pay up its respective committed registered capital on or before 14 August 2029 pursuant to the Memorandum and Articles of Association. During the year ended 31 December 2024, the Group contributed an amount of RMB100,000 to Fuzhou Dasong.

In December 2025, the Group established Sichuan Feibiao New Materials Co., Ltd., a company principally engaged in new materials technology research and development, technology promotion, and application services, as well as the sales of electronic machinery, wires and cables, and non-ferrous metal materials. The Group will contribute RMB1,000,000 as capital and hold 100% of its total equity interest. Pursuant to its Memorandum and Articles of Association, the Group shall pay up its respective committed registered capital on or before 22 December 2030.

42. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amount of each of the categories of the Group's financial instruments as at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Financial assets		
At amortised cost		
Trade receivables	1,370	114,521
Deposits and other receivables	6,682	21,897
Restricted bank deposits	11	204
Bank balances and cash	246	1,776
	8,309	138,398
Financial liabilities		
At amortised cost		
Trade and bills payables	80,692	99,362
Accruals and other payables	63,213	57,769
Amounts due to shareholders	1,739	5,445
Borrowings	56,181	72,528
	201,825	235,104
Lease liabilities	1,219	8,146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rates risk) and liquidity risk arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The directors of the Company are responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the board of directors.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

(a) Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables, restricted bank deposits and bank balances and cash. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables arising from contracts with customers

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers.

For remaining trade receivables, ECL is calculated using a provision matrix. Expected loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which may impact the customers' ability to repay the outstanding balances in order to estimate the ECLs for the impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables according to their past due dates:

	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000	Expected loss rate %
At 31 December 2025				
Current (not past due)	20	—	20	—
Past due 1 to 60 days	479	(81)	398	16.91
Past due 61 to 180 days	368	(95)	273	25.82
Past due 181 to 365 days	18,591	(18,138)	453	97.56
Past due over 365 days	115,268	(115,042)	226	99.80
	134,726	(133,356)	1,370	98.98
At 31 December 2024				
Current (not past due)	18,488	(202)	18,286	1.09
Past due 1 to 60 days	17,211	(1,875)	15,336	10.89
Past due 61 to 180 days	4,171	(135)	4,036	3.24
Past due 181 to 365 days	57,150	(6,858)	50,292	12.00
Past due over 365 days	72,814	(46,243)	26,571	63.51
	169,834	(55,313)	114,521	32.57

Movement in the loss allowance account in respect of trade and other receivables, not including bad debt written off (note 11), during the year is as follows:

	Trade receivables		Other receivables		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
At 1 January	55,313	13,482	2,103	831	57,416	14,313
Impairment losses recognized (reversed) during the year (Note 11)	78,043	41,831	(556)	1,272	77,487	43,103
At 31 December	133,356	55,313	1,547	2,103	134,903	57,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or customers having similar characteristics. At the end of reporting period, 96.10% (2024: 93.78%) of the total trade receivables were due from the Group's five largest customers, and 32.69% (2024: 42.31%) of total trade receivables were due from the Group's largest customer respectively.

Deposits and other receivables

As at 31 December 2025 and 31 December 2024, the management of the Group takes into account the historical default experience and forward-looking information, as appropriate, for example, except for certain individual debtors identified as credit-impaired, the Group considers the consistently low historical default rates of counterparties and concludes that credit risk inherent in the Group's remaining outstanding deposits and other receivables is insignificant.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

External credit rating	Internal credit rating	12m or lifetime ECL	2025 Gross carrying amount RMB'000	2024 Gross carrying amount RMB'000
N/A	(Note (a))	12m ECL	5,300	20,200
N/A	(Note (a))	Credit-impaired	1,382	1,697
			6,682	21,897

- (a) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

At 31 December 2025

Past due RMB'000	Not past due/no fixed repayment terms RMB'000	Total RMB'000
1,382	5,300	6,682

At 31 December 2024

Past due RMB'000	Not past due/no fixed repayment terms RMB'000	Total RMB'000
1,697	20,200	21,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk and impairment assessment (Continued)

Deposits and other receivables (Continued)

(a) (Continued)

The following tables show reconciliation of loss allowances that have been recognised for deposits and other receivables.

	12m ECL RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2024	831	—	831
Transfer to credit-impaired	(748)	748	—
Impairment loss recognised	323	949	1,272
At 31 December 2024	406	1,697	2,103
Disposal of a subsidiary	17	—	17
Transfer to assets held-for-sale	61	—	61
Impairment loss reversed	(319)	(315)	(634)
At 31 December 2025	165	1,382	1,547

The rates of ECLs for deposits and other receivables of 12-month ECL assessment range from 1.77% to 4.44% as at 31 December 2025 (2024: 1.09% to 2.76%).

Restricted bank deposits/bank balances and cash

The management of the Group considers the probability of default is negligible as the deposits are placed in banks having good reputation and no loss allowance was recognised during the year ended 31 December 2025 (2024: Nil).

Guarantees

The Group's policy is to provide financial guarantees only to liabilities arising from wholly-owned subsidiaries.

The maximum exposure of the Group in respect of the intra-group financial guarantee as at 31 December 2025 is representing the total banking facility attributable from drawdown by the relevant subsidiaries of RMB56.40 million (2024: RMB93.21 million). At the reporting date, the Group does not consider it probable that a claim will be made against the group entity under the intra-group financial guarantees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Foreign currency risk

The Group has no significant foreign currency risk as its business transactions, majority of its recognised assets and liabilities are principally denominated in RMB, its functional currency. Accordingly, sensitivity analysis has not been disclosed. The Group currently does not have any hedge instruments to hedge against other foreign currency transactions.

(c) Interest rate risk

The Group's interest-rate risk mainly arises from borrowings and lease liabilities as disclosed in Notes 30 and 32. Borrowings were issued at floating rate and at fixed rates which expose the Group to cash flow interest risk and fair value interest-rate risk respectively. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The following table details the interest rate profile of the Group's borrowings and lease liabilities at the end of the reporting period.

	2025		2024	
	Effective interest rate	Carrying amount RMB'000	Effective interest rate	Carrying amount RMB'000
Fixed rate liabilities:				
Borrowing	3%–12%	48,881	3%–12%	51,652
Lease liabilities	7.16%	1,219	7.16%	8,145
Variable rate liabilities:				
Borrowings	3.20%–3.30%	7,300	3.30%–5.50%	20,876
		57,400		80,673

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings and bank deposits. The analysis is prepared assuming that the amount of liabilities outstanding at the end of reporting period were outstanding for the whole year. 100 basis points increase or decrease represent management's assessment of the reasonably possible change in interest rates of borrowings and bank deposits.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposures at the end of reporting period do not reflect the exposures during the year.

If interest rates on borrowings and bank deposits had been 100 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax loss for the years are as follows:

	2025 RMB'000	2024 RMB'000
Increase (decrease) in loss for the year		
— as a result of increase in interest rate	53	142
— as a result of decrease in interest rate	(53)	(142)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants in order to maintain sufficient reserve of cash and adequate committed lines of funding from major banks, if necessary, to meet its liquidity requirements in the short and long term.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities at the end of reporting period. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

For bank borrowings and lease liabilities which contain a repayment on demand clause which can be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the year.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
At 31 December 2025						
Trade and bills payables	80,692	80,692	80,692	—	—	—
Other payables	63,213	63,213	63,213	—	—	—
Amounts due to shareholders	1,739	1,739	1,739	—	—	—
Borrowings	56,181	74,490	52,836	6,806	10,861	3,987
Lease liabilities	1,219	1,322	1,322	—	—	—
	203,044	221,456	199,802	6,806	10,861	3,987
At 31 December 2024						
Trade and bills payables	99,362	99,362	97,285	1,200	877	—
Other payables	57,769	57,769	56,219	1,550	—	—
Amounts due to shareholders	5,445	5,445	5,265	132	48	—
Borrowings	72,528	81,570	53,059	9,523	13,230	5,758
Lease liabilities	8,145	8,839	2,947	2,946	2,946	—
	243,249	252,985	214,775	15,351	17,101	5,758

(e) Fair value measurement

There are no financial assets and financial liabilities that are measured subsequent to initial recognition at fair value as at 31 December 2025 and 2024.

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of debts, which includes amounts due to shareholders, borrowings and lease liabilities, cash and cash equivalents and total equity, comprising share capital and reserves. The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The net debt to equity ratio at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Borrowings	56,181	72,528
Lease liabilities	1,219	8,145
Amounts due to shareholders	1,739	5,445
Less: Restricted bank deposits	(11)	(204)
Less: Bank balances and cash	(246)	(1,776)
Net debt	58,882	84,138
Total equity	(100,143)	12,468
Net debt to equity ratio	(59%)	675%

45. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 31 December 2025, the director of the Company entered into a conditional sales and purchase agreement with an independent third party to dispose the entire issued share capital of Xin Hao Yue, an indirect wholly-owned subsidiary of the Company, which carried out research and development of new material wires and cables in the PRC. The net proceeds of disposal of Xin Hao Yue was RMB2,700,000, which exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized. The transaction has been completed in January 2026.

46. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the directors on 30 March 2026.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out below:

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000 (restated)	2021 RMB'000
Revenue	256,159	256,610	244,688	757,901	544,389
Cost of sales	(257,673)	(255,564)	(244,317)	(773,478)	(538,333)
Gross profit (loss)	(1,514)	1,046	371	(15,577)	6,056
Other income, and other gains and loss, net	8,339	20,168	8,615	24,819	15,033
Selling and distribution expenses	(1,455)	(3,218)	(1,916)	(5,617)	(4,498)
Administrative and other expenses	(23,400)	(26,568)	(42,408)	(21,996)	(29,749)
Impairment losses on trade and other receivables, net	(77,487)	(43,914)	(5,760)	(2,934)	(3,123)
Impairment losses on property, plant and machinery	(17,389)	(1,998)	7,838	—	(2,637)
Impairment losses on goodwill	—	—	(597)	—	—
Share of loss of an associate	(20)	—	—	—	—
Finance costs	(8,854)	(7,131)	(7,308)	(10,695)	(11,729)
Loss before tax	(121,780)	(61,615)	(56,841)	(32,000)	(30,647)
Income tax credit (expense)	507	(6,562)	(3,744)	6,357	4,124
Loss for the year	(121,273)	(68,177)	(60,585)	(25,643)	(26,523)
Other comprehensive (expense) income: <i>Item that will not be reclassified subsequently to profit or loss</i>					
Exchange differences on translation from functional currency to presentation currency	1,354	(65)	(193)	46	61
Total comprehensive expense for the year	(119,919)	(68,242)	(60,778)	(25,597)	(26,462)
Loss for the year attributable to:					
Owners of the Company	(107,169)	(58,836)	(60,044)	(21,542)	(25,224)
Non-controlling interests	(14,104)	(9,341)	(541)	(4,101)	(1,299)
	(121,273)	(68,177)	(60,585)	(25,643)	(26,523)
Total comprehensive expense for the year attributable to:					
Owners of the Company	(105,815)	(58,901)	(60,237)	(21,496)	(25,163)
Non-controlling interests	(14,104)	(9,341)	(541)	(4,101)	(1,299)
	(119,919)	(68,242)	(60,778)	(25,597)	(26,462)
Assets and liabilities					
Current assets	58,487	160,957	219,480	229,093	310,760
Non-current assets	70,894	111,842	139,369	163,517	159,051
Current liabilities	215,760	224,722	263,686	251,703	303,345
Non-current liabilities	13,764	35,609	24,626	5,392	5,375