



**中國首控集團有限公司**  
**China First Capital Group Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1269

**2025**  
ANNUAL REPORT



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# Corporate Information

## THE BOARD

### Executive Directors

Dr. Wilson SEA (*Chairman*)

Dr. ZHU Huanqiang (*CEO*)<sup>1</sup>

Mr. ZHAO Zhijun (*Co-CEO*)<sup>2</sup>

### Independent Non-Executive Directors

Mr. CHU Kin Wang, Peleus

Mr. LOO Cheng Guan<sup>4</sup>

Ms. LU Dan

Mr. QIAO Huabin<sup>5</sup>

## AUDIT COMMITTEE

Mr. CHU Kin Wang, Peleus (*chairman*)

Mr. LOO Cheng Guan<sup>4</sup>

Ms. LU Dan

Mr. QIAO Huabin<sup>5</sup>

## NOMINATION COMMITTEE

Dr. Wilson SEA (*chairman*)

Mr. CHU Kin Wang, Peleus

Mr. LOO Cheng Guan<sup>4</sup>

Ms. LU Dan<sup>3</sup>

## REMUNERATION COMMITTEE

Ms. LU Dan (*chairman*)

Dr. Wilson SEA<sup>3</sup>

Mr. CHU Kin Wang, Peleus

Mr. ZHAO Zhijun<sup>2</sup>

## STRATEGY COMMITTEE

Dr. Wilson SEA (*chairman*)

Dr. ZHU Huanqiang

Mr. LOO Cheng Guan<sup>4</sup>

Mr. ZHAO Zhijun<sup>2</sup>

Mr. QIAO Huabin<sup>5</sup>

## RISK MANAGEMENT COMMITTEE

Dr. Wilson SEA (*chairman*)

Dr. ZHU Huanqiang

Mr. CHU Kin Wang, Peleus

## COMPANY SECRETARY

Mr. CHAN Kwok Kee, Andy

## AUTHORISED REPRESENTATIVES

Dr. ZHU Huanqiang

Mr. CHAN Kwok Kee, Andy

## HONG KONG LEGAL ADVISER

Loeb & Loeb LLP

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

China Construction Bank Corporation (Nanyang Branch)

## AUDITOR

Linksfield CPA Limited

Certified Public Accountants

*Registered Public Interest Entity Auditor*

Room 2001–02, 20/F., Podium Plaza

5 Hanoi Road, Tsim Sha Tsui

Hong Kong

### Notes:

1. re-designated with effect from 26 March 2025
2. resigned with effect from 26 March 2025
3. appointed with effect from 26 March 2025
4. resigned with effect from 31 March 2026
5. appointed with effect from 31 March 2026

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman, KY1-1111  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 913C, 9/F  
Hong Kong Plaza  
188 Connaught Road West  
Hong Kong

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xipingtou Industrial Park  
Xichuan County, Henan Province

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P.O. Box 1586, Gardenia Court, Camana Bay  
Grand Cayman, KY1-1100  
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 EXCHANGE STOCK CODE

1269

### COMPANY WEBSITE

<http://www.cfcg.com.hk>

# Chairman's Statement

Dear Shareholders,

On behalf of the Board, I hereby present the annual report of the Group for the 2025 Financial Year.

Over the past year, the rapid evolution of artificial intelligence has profoundly reshaped the global economic landscape and business logic. We have been closely monitoring this trend and recognize that AI represents not merely an upgrade in technological tools, but a systemic transformation in ways of thinking, organizational forms and value creation. In response to this shifting paradigm, we choose to proactively re-examine our position, move beyond the confines of traditional business frameworks, and consider how we can restructure our capabilities and redefine our direction in the AI era.

In our view, the real challenge lies not in the technology itself, but in whether organizations and individuals possess the sustained willingness to reinvent themselves. Clinging to past experience and relying on established paths often leads to structural rigidity and missed opportunities. Conversely, only by continuously embedding experience into new systems, and by combining human judgment with the scalability of AI, can we transform existing assets into new drivers of growth and turn accumulated know-how into capital. This is the fundamental principle we intend to uphold in our future development.

AI can process information and generate solutions, but it cannot replace the act of choosing a direction or the assumption of responsibility. In the future business competition, the scarcest capability will not be the ability to operate techniques, but rather the ability to remain clear-headed in complex environments, exercise sound judgment, and uphold fundamental values. As we advance our various business lines, we consistently place human judgment at the core, and use technology as a tool. Instead of pursuing blind automation, we pursue an optimal balance between decision-making quality and execution effectiveness.

The AI era offers companies a chance to begin anew. Those who are willing to proactively reset will gain broader horizons; those who cling to outdated structures may gradually lose their connection to the times. We have chosen to embrace this opportunity. Over the past year, while steadily advancing our existing businesses, we have actively explored new models and new business forms empowered by AI. We believe that technology can help enterprises achieve higher-quality development through more agile organizations and clearer strategies.

Looking ahead to 2026, we will continue to pursue business innovation and development. While advancing our three core business areas, including financial services, education management and consultation and automotive parts, we will actively explore deep integration of artificial intelligence into our business operations. Meanwhile, we will steadily advance our debt restructuring plan and a series of financial improvement measures, laying a more solid and stable foundation for our long-term development.

**Wilson SEA**

*Chairman and Executive Director*

# Management Discussion and Analysis

## INTRODUCTION

The Company is an investment holding company. The Group maintains a diversified development strategy to provide customers with a wide range of products and services, and currently is mainly engaged in (i) financial services business, (ii) education management and consultation business, and (iii) automotive parts business. Our financial services business can provide services such as listing sponsorship, underwriting and placing, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory and asset management; our education management and consultation business mainly provides international high school curriculum and overseas study consultation services; and our automotive parts business is mainly engaged in R&D, manufacturing and sales of automobile absorbers.

## BUSINESS REVIEW

### Financial Services Business

The Group has obtained diversified financial service licences and established a consummate financial service system to provide various entities with featured, differentiated and professional financial services. Our relevant subsidiaries are licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and has been admitted by the SFC as a sponsor under the SFO. As such, (i) in addition to providing services of dealing in securities and margin financing to customers, it is also engaged in providing services of underwriting and placing of shares for listing applicants and listed companies; (ii) it can provide investment portfolios (such as stocks, bonds, discretionary managed accounts, and funds) management, investment consultation and investment advisory services to its clients; and (iii) it can act as a sponsor for listing applicants in IPO, advise on matters in relation to the Codes on Takeovers and Mergers and Share Buy-backs formulated by the SFC, and advise listed companies in relation to the Listing Rules.

For the year ended 31 December 2025, our relevant subsidiaries acted as (i) the joint lead manager for the listing of Soft International Group Ltd (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2569); (ii) the joint bookrunner and the joint lead manager for the listing of Fibocom Wireless Inc. (whose shares are listed on the Main Board of the Stock Exchange, stock code: 0638); (iii) the joint bookrunner and the joint lead manager for the listing of Anhui Jinyan Kaolin New Materials Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2693); and (iv) the joint bookrunner and joint lead manager for the listing of Impression Dahongpao Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2695). Our relevant subsidiaries also acted as the joint bookrunner for the overseas bond issuances of China Great Wall Asset Management Co., Ltd., Weifang Ocean Investment Group Co., Ltd., Jiyuan Capital Operation Group Co., Ltd., Dujiangyan Urban and Rural Construction Group Co., Ltd., Yuncheng Development Investment Group Co., Ltd., Zoucheng City Capital Holdings Group Co., Ltd., Zibo High-tech State-owned Capital Investment Co., Ltd. and Jiaozuo State-owned Capital Operation (Holding) Group Co., Ltd..

For the year ended 31 December 2025, our relevant subsidiaries acted as (i) the compliance adviser to Lesi Group Limited (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2540); (ii) the compliance adviser to Easou Technology Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2550); (iii) the financial adviser to Jiu Rong Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2358); and (iv) the joint sponsor for the new listing application of Henan Union Information Technology Co., Ltd..

### Education Management and Consultation Business

The education management and consultation business of the Group mainly operates the PGA (Project of Global Access) international high school curriculum and provides overseas study consultation services to students, with campuses located in Beijing, Shanghai, Chongqing, Xi'an, Hangzhou, Wuhan and Zhengzhou.

The Group actively explored the localisation of international curriculum and the characterisation of local curriculum. The Group placed emphasis on the development, optionality and integration of curriculums to fully unleash the personality potential and creative thinking of students. In order to fully enhance its teaching quality, the Group continued to optimise the composition of teachers, hired excellent subject teachers, formed a consultant team comprising specialists, and improved the teaching quality assurance system with bilingual teachers as the core.

In terms of overseas study consultation services, the Group selected quality educational resources and institutions for cooperation, actively researched and developed specialised overseas study and study tour programmes and upgraded its products of planning and guidance of further education, so as to provide students with a full range of services covering thinking patterns, academic background, interview tutoring, overseas study experience and other aspects.

### Automotive Parts Business

According to the statistics of the China Association of Automobile Manufacturers, approximately 34,531,000 automobiles were produced and approximately 34,400,000 automobiles were sold in China in 2025, representing a year-over-year increase of approximately 10.4% and 9.4%, respectively. Among the above, for new energy vehicles, approximately 16,626,000 vehicles were produced and approximately 16,490,000 vehicles were sold (representing approximately 47.9% of the total automobile sales). Meanwhile, in 2025, the export volume was approximately 7,098,000 automobiles, representing a year-over-year increase of approximately 21.1%.

Adhering to the principal operational idea of "Developing the Market, Focusing on Quality, Improving the R&D, and Strengthening the Management (開發市場、狠抓質量、提升研發、強化管理)" and the core values of "Top Quality, Customer Satisfaction, Solidarity and Cooperation, Innovation and Learning, High Efficiency and Pragmatism, Honesty and Trustworthiness (品質第一、客戶滿意、團結合作、創新學習、高效務實、誠實守信)", the Group's automotive parts business kept up with market trends, deepened technology R&D, continued to improve product quality control and customer satisfaction. It supplied absorbers for automobiles made by manufacturers such as SAIC Motor, Chery Automobile, Geely Auto and Changan Automobile. While consolidating and optimising existing markets, it actively expanded new markets, and strived to achieve the vision of "Where there are cars, there is Cijan (哪裏有汽車·哪裏就有漸減)".

## OUTLOOK

### Financial Services Business

As an international financial centre, Hong Kong's status and role as the bridge of communication and contact between China and international society will be further enhanced, providing strong support for maintaining the continuous prosperity and stability of the financial market of Hong Kong.

Looking forward, the Group will follow the market trend, seize the development opportunities, innovate the business models and actively explore business opportunities to promote the robust development of its financial services business. Leveraging its diversified financial service licences and consummate financial service system and the brand awareness and market influence of its financial services business, the Group will enhance collaboration among its business units including investment banking, securities, asset management and research, adhere to the strategies of differentiated and characteristic development, and provide customers with diversified and customised professional financial services.

### Education Management and Consultation Business

Knowledge changes fate, and education shapes the future. Education is the driving force for social development. The key element of competition of the economy is the competition of science and technology, which fundamentally attributes to the competition of talents, whereas the foundation is on education. Today's scientific and technological achievements determine tomorrow's productivity, whereas today's education determines tomorrow's scientific and technological achievements and future productivity.

Looking ahead, the Group will leverage the brand and market influence of the PGA international curriculum, so as to establish a new type platform of international education service. Through taking the key dimensions of international talent cultivation as the starting point and by innovating the curriculum system, optimising the curriculum structure, strengthening teaching and research, and improving the quality of teaching, the Group will comprehensively integrate students' personality development and academic planning, improve students' performance, and enhance students' comprehensive quality. The Group will develop overseas study products with more customised and comprehensive options that cater to the target market, providing international education and study plans with higher values to meet the individual needs of different students at different stages according to the needs and characteristics of school campuses and students, and offer convenient access and one-stop services for students to pursue further education and overseas study.

### Automotive Parts Business

The Group will leverage its established brand and technology strengths, aim for "Top Quality and Customer Satisfaction", place emphasis on the development strategy of "Focuses on Process and Results", strengthen the R&D of core technologies and management of quality system in order to improve overall customer satisfaction. The Group will strengthen its market sensitivity according to the national industrial policy on the automobile industry, the development trend of the industry and the operation conditions of automobile manufacturers, and devote efforts to cultivating more competitive new products and new markets that meet customers' needs. The Group will commit itself to building first-class R&D centers by adhering to its technical management philosophy of "Utilisation, R&D and Reserve", so as to boost the reserve and market promotion and application of new technologies.

## Others

The Company has appointed Ernst & Young Transactions Limited as the restructuring advisor to assist in formulating a restructuring plan and executing the Company's restructuring exercise. On 2 January 2026, the Company entered into a restructuring support agreement with the initial participating creditors intending to implement the proposed restructuring by way of a scheme of arrangement under Hong Kong law. The Company will communicate with the creditors, the restructuring advisor, and the legal advisor to materialise the proposed restructuring. The Company will also continue to explore potential investors, hoping to introduce new capital and business opportunities.

## FINANCIAL REVIEW

### Revenue

For the 2025 Financial Year, the overall revenue of the Group increased by approximately 57.6% to approximately RMB3,446.8 million from approximately RMB2,187.2 million for the 2024 Financial Year, of which revenue from automotive parts business increased by approximately 59.2% to approximately RMB3,339.1 million from approximately RMB2,097.4 million for the 2024 Financial Year, revenue from financial services business increased by approximately 43.8% to approximately RMB45.3 million from approximately RMB31.5 million for the 2024 Financial Year, and revenue from education management and consultation business increased by approximately 7.0% to approximately RMB62.4 million from approximately RMB58.3 million for the 2024 Financial Year. The increase in revenue was mainly due to the increase in sales of automotive parts business.

### Cost of sales and services

For the 2025 Financial Year, the overall cost of sales and services of the Group increased by approximately 53.4% to approximately RMB2,829.2 million from approximately RMB1,844.6 million for the 2024 Financial Year, of which cost of sales from automotive parts business increased by approximately 54.0% to approximately RMB2,771.2 million from approximately RMB1,799.8 million for the 2024 Financial Year, cost of services from financial services business increased by approximately 332.5% to approximately RMB17.3 million from approximately RMB4.0 million for the 2024 Financial Year, and cost of services from education management and consultation business decreased by approximately 0.2% to approximately RMB40.7 million from approximately RMB40.8 million for the 2024 Financial Year. The increase in cost of sales and services was mainly due to the increase in sales of automotive parts business.

### Gross profit

For the 2025 Financial Year, the overall gross profit of the Group increased by approximately 80.3% to approximately RMB617.6 million from approximately RMB342.6 million for the 2024 Financial Year, of which gross profit from automotive parts business increased by approximately 90.8% to approximately RMB567.9 million from approximately RMB297.6 million for the 2024 Financial Year, gross profit from financial services business increased by approximately 1.8% to approximately RMB28.0 million from approximately RMB27.5 million for the 2024 Financial Year, and gross profit from education management and consultation business increased by approximately 24.0% to approximately RMB21.7 million from approximately RMB17.5 million for the 2024 Financial Year. The increase in gross profit was mainly due to the increase in sales of automotive parts business.

### Gross profit margin

For the 2025 Financial Year, the overall gross profit margin of the Group increased by approximately 2.2 percentage points to approximately 17.9% from approximately 15.7% for the 2024 Financial Year, of which gross profit margin of automotive parts business increased by approximately 2.8 percentage points to approximately 17.0% from approximately 14.2% for the 2024 Financial Year, gross profit margin of financial services business decreased by approximately 25.5 percentage points to approximately 61.8% from approximately 87.3% for the 2024 Financial Year, and gross profit margin of education management and consultation business increased by approximately 4.8 percentage points to approximately 34.8% from approximately 30.0% for the 2024 Financial Year.

### Other income and expenses

For the 2025 Financial Year, the Group recorded other income of approximately RMB71.1 million, representing a decrease of approximately RMB1.0 million from approximately RMB72.1 million for the 2024 Financial Year. Such income primarily represented sales of scrap materials after the manufacturing process of products, fees charged for provision of products' research and development services, as well as government grants.

### Other gains and losses, net

For the 2025 Financial Year, the Group recorded other gains, net of approximately RMB5.7 million, as compared with other losses, net of approximately RMB45.1 million recorded for the 2024 Financial Year. Such gains primarily represented the exchange gains arising from the appreciation of RMB.

### Expected credit losses

The Group recognised the ECL based on the internal credit rating and historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the period as well as the forecast of future conditions. For the 2025 Financial Year, the Group's provision for ECL amounted to approximately RMB295.8 million, representing an increase of approximately RMB113.3 million from approximately RMB182.5 million for the 2024 Financial Year.

### Selling and distribution expenses

For the 2025 Financial Year, the selling and distribution expenses of the Group increased by approximately 48.1% to approximately RMB122.0 million from approximately RMB82.4 million for the 2024 Financial Year. Such increase was mainly due to the corresponding increase in sales transportation fees, commissions for sales staff and other distribution expenses of the automotive parts business with the increase in sales.

### R&D expenditure

For the 2025 Financial Year, the R&D expenditure of the Group increased by approximately 6.0% to approximately RMB122.6 million from approximately RMB115.7 million for the 2024 Financial Year. Such increase was mainly due to the increase in expenses in the materials used in the R&D activities of automotive parts business.

### Administrative expenses

For the 2025 Financial Year, the administrative expenses of the Group increased by approximately 15.8% to approximately RMB240.8 million from approximately RMB208.0 million for the 2024 Financial Year. Such increase was mainly due to the increase in remuneration expenses of automotive parts business.

### Finance costs

For the 2025 Financial Year, the finance costs of the Group decreased by approximately 2.8% to approximately RMB227.6 million from approximately RMB234.1 million for the 2024 Financial Year.

### Taxation

For the 2025 Financial Year, the Group recorded income tax credit of approximately RMB11.0 million, representing a decrease of approximately RMB3.6 million as compared with that of approximately RMB14.6 million for the 2024 Financial Year.

### Loss for the year

For the 2025 Financial Year, the Group recorded a loss of approximately RMB307.3 million, representing a decrease of approximately 34.7% as compared with a loss of approximately RMB470.9 million for the 2024 Financial Year. Such decrease in loss was mainly due to the increase in revenue and gross profit from automotive parts business.

### Loss per Share

For the 2025 Financial Year, the basic and diluted loss per Share of the Group amounted to approximately RMB0.18, while the basic and diluted loss per Share amounted to approximately RMB0.21 for the 2024 Financial Year.

## WORKING CAPITAL, FINANCIAL RESOURCES AND BORROWINGS

### Net current liabilities

The Group adopts prudent financial policies, and closely monitors its financial positions, in order to grasp any favourable business opportunities and prepare for future challenges. As at 31 December 2025, the net current liabilities of the Group amounted to approximately RMB2,619.8 million, representing an increase of approximately 5.7% as compared with that of approximately RMB2,478.9 million as at 31 December 2024.

### Financial position and borrowings

As at 31 December 2025, the bank balances and cash of the Group are mostly denominated in RMB or HK\$ and amounted to approximately RMB293.5 million, representing an increase of approximately 99.1% as compared with that of approximately RMB147.4 million as at 31 December 2024. Such increase was mainly due to the increase in the bank balances and cash of automotive parts business.

The borrowings of the Group are denominated in RMB or HK\$. The Group regularly reviews and monitors the borrowings level. As at 31 December 2025, the total borrowings of the Group amounted to approximately RMB2,435.1 million, representing an increase of approximately 18.9% as compared with that of approximately RMB2,047.2 million as at 31 December 2024. Out of the total borrowings, (i) borrowings due within one year or repayable on demand amounted to approximately RMB2,260.7 million as at 31 December 2025, representing an increase of approximately 21.2% as compared with that of approximately RMB1,865.3 million as at 31 December 2024; (ii) borrowings due over one year but within two years amounted to approximately RMB50.2 million as at 31 December 2025, representing a decrease of approximately 70.6% as compared with that of approximately RMB170.6 million as at 31 December 2024; and (iii) borrowings due over two years but within five years amounted to approximately RMB124.2 million as at 31 December 2025, representing an increase of approximately 999.1% as compared with that of approximately RMB11.3 million as at 31 December 2024.

As at 31 December 2025, approximately RMB1,838.8 million (31 December 2024: approximately RMB1,385.4 million) of the total borrowings of the Group were subject to fixed interest rates.

As at 31 December 2025, the gearing ratio of the Group, calculated as the percentage of net debt (calculated as total borrowings, including current and non-current bank and other borrowings and convertible bonds, less bank balances and cash) divided by total capital (calculated as total deficit in equity plus net debt), was approximately 279% (31 December 2024: approximately 276%).

### Working capital

The Group regularly reviews and monitors the inventory level. As at 31 December 2025, the inventories of the Group amounted to approximately RMB309.3 million, representing an increase of approximately 118.1% as compared with that of approximately RMB141.8 million as at 31 December 2024. Such increase was mainly due to the increase in production of automotive parts business.

The Group regularly reviews and monitors the level of trade receivables. As at 31 December 2025, the trade receivables of the Group amounted to approximately RMB1,276.2 million, representing an increase of approximately 31.7% as compared with that of approximately RMB969.1 million as at 31 December 2024. Such increase was mainly due to the increase in sales of automotive parts business.

The Group regularly reviews and monitors the level of trade payables. As at 31 December 2025, the trade payables of the Group amounted to approximately RMB1,385.9 million, representing an increase of approximately 44.4% as compared with that of approximately RMB959.7 million as at 31 December 2024. Such increase was mainly due to the increase in procurement of automotive parts business.

## SIGNIFICANT INVESTMENT HELD

The financial assets measured at FVTPL of the Group were investments in securities listed on the Stock Exchange, Singapore Exchange Limited and Shenzhen Stock Exchange as well as investments in unlisted entities. As at 31 December 2025, the fair value of such investments was approximately RMB113.1 million (31 December 2024: approximately RMB86.0 million). For the 2025 Financial Year, the fair value changes of financial assets measured at FVTPL of the Group recorded gains of approximately RMB52.0 million (2024: a loss of approximately RMB34.2 million).

The principal investment objective of the Group is to explore capital appreciation with a view to enhancing the application of the financial resources of the Group and maximising returns for the Shareholders. Investments will be made by the Group in segments and industries that the Directors may determine from time to time having considered, among others, their prospect, returns to the Group and potential risks. Looking ahead, the global stock markets will remain volatile due to the uncertainties as a result of trade friction, interest rate fluctuations and geopolitical conditions. The performance of the securities investments and other investments of the Group may be affected by such unstable market conditions. The Group will regularly review its investment strategies, and closely monitor the stock markets.

## CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

For the 2025 Financial Year, the capital expenditures of the Group amounted to approximately RMB116.1 million (2024: approximately RMB76.1 million), which were primarily the expenses of automotive parts business in respect of additions to properties, plants and equipment.

The Group has financed its capital expenditures primarily through the cash generated from operations and debt financing.

As at 31 December 2025, the capital commitments of the Group in respect of additions to property, plant and equipment amounted to approximately RMB65.5 million (31 December 2024: approximately RMB37.6 million).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, the Group did not have any other immediate plans for material investments and capital assets (31 December 2024: Nil).

## CONTINGENT LIABILITIES

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

## PLEDGE OF ASSETS

As at 31 December 2025, the financial assets measured at FVTPL, financial guarantee assets measured at FVTPL and bills receivables of the Group with a carrying amount of approximately RMB12.6 million, approximately RMB86.5 million and approximately RMB498.5 million (31 December 2024: financial assets measured at FVTPL of approximately RMB12.8 million, financial guarantee assets measured at FVTPL of approximately RMB87.2 million and bills receivables of approximately RMB184.0 million) have been pledged to acquire borrowings and convertible bonds for the Group.

As at 31 December 2025, the restricted bank balances of the Group with a carrying amount of approximately RMB260.0 million (31 December 2024: approximately RMB228.7 million) were mainly used for customer deposits for trading securities and pledged for bills payables with a maturity within one year issued to suppliers.

## HUMAN RESOURCES

As at 31 December 2025, the Group had 3,017 employees (31 December 2024: 2,454 employees). For the 2025 Financial Year, the total remuneration and welfare benefits expenses of the Group amounted to approximately RMB353.0 million (2024: approximately RMB266.5 million). Based on the remuneration policy of the Group, the remuneration of employees is primarily determined based on the job responsibilities, work experience, job performance and length of service of each employee and the prevailing market condition. On top of basic salaries, bonus may be paid with reference to the Group's performance as well as individual employees' performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of internal and external training courses. Share options and/or awarded shares may also be granted to eligible employees by reference to the Group's performance as well as individual employees' contribution. The remuneration of the Directors is determined based on their job duties and responsibilities, experience and the prevailing market condition.

## INTEREST RATE RISK

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of the changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the restricted bank balances and bank balances, and variable rate of interest incurred on bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings.

The Group currently has not used any financial instrument to hedge the interest rate risk that it is exposed to. However, the Group monitors interest rate risk exposures and will consider hedging significant interest rate risk should the need arise.

## FOREIGN EXCHANGE RISK

The consolidated financial statements of the Group are presented in RMB. Certain assets and liabilities of the Group are denominated in currencies other than RMB, such as HK\$. Any material volatility in the exchange rates of these currencies against RMB may affect the financial position of the Group.

The Group currently has not used any financial instrument to hedge the foreign exchange risk that it is exposed to. However, the Group monitors foreign exchange risk exposures and will consider hedging significant foreign exchange risk should the need arise.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

For the 2025 Financial Year, save as disclosed in this annual report, the Group had no material acquisitions and disposals of subsidiaries, associated companies and joint ventures.

## EQUITY FUND RAISING ACTIVITIES OR SALE OF TREASURY SHARES FOR CASH AND USE OF PROCEEDS

For the 2025 Financial Year, the Company had not carried out any equity fund raising activities or sale of treasury Shares for cash involving the utilisation of the general mandate granted at the AGM held on 7 June 2024 and the general mandate granted at the AGM held on 22 May 2025. As at 31 December 2025, the Company did not have any unutilised proceeds brought forward from any issue of Shares (including securities convertible into Shares) or sale of treasury Shares made in previous financial years.

# Biographies of Directors and Senior Management

## EXECUTIVE DIRECTORS

### Dr. Wilson Sea

Dr. Wilson Sea (“**Dr. Sea**”), aged 62, was appointed as the Chairman and a non-executive Director on 27 April 2011, re-designated as the Chairman and an executive Director on 1 January 2015, re-designated as a Co-Chairman and an executive Director on 12 July 2023, and re-designated as the Chairman and an executive Director on 22 May 2024. He is responsible for the general strategic planning, business planning and co-ordination of the Group, as well as the supervision of the management’s implementation and execution of the strategies. He is also a director of a number of subsidiaries of the Company.

From 1997 to 2004, Dr. Sea worked in Minsheng Securities Co., Ltd. as an assistant to president, president and chairman consecutively, responsible for the investment banking business, the business of research, planning and development of the company. From 2004 to 2007, he was the chairman of the board of Kaifeng Lanwei Highway Development Company Limited\* (開封市蘭尉高速公路發展有限公司). He worked as the vice-chairman of the board of Yubei (Xinxiang) Power Steering System Co., Ltd.\* (豫北(新鄉)汽車動力轉向器有限公司) from 2007 to 2011.

Dr. Sea obtained a bachelor’s degree in economics from Henan University in 1986. He further obtained a master’s degree and a doctoral degree in economics from Fudan University in 1992 and 1995 respectively. He was appointed as a professor by Henan University in 1995.

Dr. Sea is the director and sole shareholder of Wealth Max, a Shareholder. As at the Latest Practicable Date, Dr. Sea is deemed to be interested in 163,765,800 Shares, representing approximately 8.86% of the total issued Shares. Dr. Sea is the brother-in-law of Dr. Wang Hui, the chief financial officer of the Company.

### Dr. Zhu Huanqiang

Dr. Zhu Huanqiang (“**Dr. Zhu**”), aged 56, was appointed as a deputy chief executive officer of the Company on 11 October 2016 and a Co-CEO on 26 July 2017. He was appointed as a Co-CEO and an executive Director on 30 January 2018 (with effect from 1 February 2018), and re-designated as the CEO and an executive Director on 26 March 2025. As the CEO, Dr. Zhu is principally responsible for business management and development of the Group. He is also a director of a number of subsidiaries of the Company.

Dr. Zhu has substantial experience in the capital market. From 1997 to 2010, he held various positions at the CSRC, including serving as a director of Inspection Division II of the Department of Intermediary Supervision of the CSRC and a deputy director of Heilongjiang Regulatory Bureau of the CSRC. From 2011 to 2016, he served as a deputy general manager of China Securities Finance Corporation Limited (“**CSF**”) and a member of the Committee of Communist Party of China of CSF.

Dr. Zhu is a qualified lawyer in China. He obtained a master’s degree in law with a major in civil law from Southwest University of Political Science and Law in 1996 and a doctoral degree in law with a major in civil and commercial law from China University of Political Science and Law in 2006.

### Mr. Zhao Zhijun

Mr. Zhao Zhijun (“**Mr. Zhao**”), aged 51, was appointed as the CEO and an executive Director on 22 May 2011, re-designated as a Co-CEO and an executive Director on 26 July 2017, and resigned as a Co-CEO and an executive Director on 26 March 2025. As a Co-CEO, Mr. Zhao is principally responsible for the management and development of the automotive parts business of the Group. He is also a director of a number of subsidiaries of the Company.

Mr. Zhao has substantial experience in management in automobile shock absorber industry. Prior to joining the Group, Mr. Zhao worked for the general office of Zhengzhou Office of the CSRC from 1999 to 2002. He served as a general manager of Nanyang business department of Minsheng Securities Co., Ltd. from 2002 to 2005.

Mr. Zhao graduated from Central South University with a master’s degree in philosophy in 2004.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### Mr. Chu Kin Wang, Peleus

Mr. Chu Kin Wang, Peleus (“**Mr. Chu**”), aged 61, was appointed as an INED on 19 October 2011. Mr. Chu has over 30 years of experience in the field of corporate finance, audit, accounting and taxation.

Mr. Chu was an executive director of Momentum Financial Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1152), from August 2021 to March 2022 and from February 2025 to December 2025, respectively. Since 2022, Mr. Chu was or has also been an independent non-executive director of the following companies, the shares of which are listed on the Main Board or the GEM of the Stock Exchange: (a) Tianli Holdings Group Limited (formerly known as EYANG Holdings (Group) Co., Limited) (stock code: 117), since April 2007; (b) Huayu Expressway Group Limited (stock code: 1823): since May 2009; (c) Madison Holdings Group Limited (formerly known as Madison Wine Holdings Limited) (stock code: 8057), since September 2015; (d) Mingfa Group (International) Company Limited (stock code: 846), since November 2016; (e) Peking University Resources (Holdings) Company Limited (stock code: 618): from October 2021 to October 2022; (f) Hyfusin Group Holdings Limited (stock code: 8512), since December 2021; and (g) Silk Road Logistics Holdings Limited (stock code: 988), from September 2023 to April 2024.

Mr. Chu graduated from the University of Hong Kong with a master’s degree in business administration. Mr. Chu is a fellow member of the HKICPA. He is also an associate member of both the Chartered Governance Institute and the Hong Kong Chartered Governance Institute.

### Mr. Loo Cheng Guan

Mr. Loo Cheng Guan (“**Mr. Loo**”), aged 62, was appointed as an INED on 17 February 2020 and resigned as an INED on 31 March 2026. Mr. Loo has over 30 years of experience in mergers and acquisitions, private equity and corporate finance.

Mr. Loo is the chief executive officer of King Tower Asset Management (Singapore) Pte Limited and the founder and chairman of Vermilion Gate Pte Limited. Mr. Loo is currently an independent non-executive director of Cosmosteel Holdings Limited (stock code: B9X), the shares of which are listed on Singapore Exchange Limited.

Mr. Loo also served as a board member of several companies, the shares of which are listed on different exchanges, including as (a) an executive director of C&G Environment Protection Holdings Ltd. (stock code: D79), an independent director of Valuetronics Holdings Limited (stock code: BN2), an independent director of Citicode Ltd. (formerly known as Advance SCT Limited) (stock code: 5FH), an independent director of Datapulse Technology Holdings (stock code: BKW), and the lead independent director of Mirach Energy Limited (stock code: AWO), the shares of all of which are listed on Singapore Exchange Limited; and (b) a director of Grandblue Environment Co., Ltd.\* (瀚藍環境股份有限公司) (stock code: 600323), the shares of which are listed on Shanghai Stock Exchange.

Mr. Loo obtained a bachelor of economics in 1988 and a master of business administration in 1991, both from Monash University in Australia.

### Ms. Lu Dan

Ms. Lu Dan (“**Ms. Lu**”), aged 44, was appointed as an INED on 2 October 2024. Ms. Lu has over 10 years of experience in the education and finance industries.

Ms. Lu has been working at Bogerui Education Consulting Company Limited\* (博格瑞教育諮詢有限公司) in China as a project manager since September 2018. From September 2011 to December 2014, she was a partner services representative at Toronto-Dominion Bank in Canada.

Ms. Lu obtained a bachelor of commerce from the University of Alberta in Canada in June 2006.

### Mr. Qiao Huabin

Mr. Qiao Huabin (“**Mr. Qiao**”), aged 53, was appointed as an INED on 31 March 2026. Mr. Qiao has approximately 30 years of experience in the accounting, taxation and finance industries.

Mr. Qiao was the audit manager of Henan Tax Consultation Agency Centre\* (河南省稅務諮詢代理中心) from July 1995 to July 1998, the securities consultant manager of Minsheng Securities Co., Ltd. from August 1998 to May 2006, the senior project manager of Shenzhen Caishuida Tax Agent Firm (Special General Partnership)\* (深圳市財稅達稅務師事務所(特殊普通合夥)) from August 2006 to September 2013, and has been the executive director of Shenzhen Zhongshui Yuetong Management Consulting Co., Ltd.\* (深圳市中稅粵通管理諮詢有限公司) since October 2013.

Mr. Qiao obtained a bachelor of economics from Henan University of Economics and Law (formerly Henan Institute of Finance and Economics) in June 1995, and completed his postgraduate studies in international economics at Zhengzhou University in December 2005.

## SENIOR MANAGEMENT

### Mr. Chan Kwok Kee, Andy

Mr. Chan Kwok Kee, Andy (“**Mr. Chan**”), aged 53, was appointed as the Company Secretary on 31 August 2021.

Mr. Chan has extensive experience in the company secretarial and compliance field. Before joining the Group, he worked for another company listed on the Main Board of the Stock Exchange and was responsible for handling company secretarial work for nearly 20 years.

Mr. Chan obtained a bachelor’s degree in business administration from The Chinese University of Hong Kong in 1994. He is a fellow member of the HKICPA and the Association of Chartered Certified Accountants.

### Dr. Wang Hui

Dr. Wang Hui (“**Dr. Wang**”), aged 47, was appointed as the chief financial officer of the Company on 31 December 2015. He is also a director of a number of subsidiaries of the Company. Dr. Wang is the brother-in-law of Dr. Sea.

Dr. Wang has extensive experience in corporate finance and accounting, project investment and decision-making, risk management and control. He had served as chief financial officer of several manufacturing companies and private fund management companies. Dr. Wang has been an independent non-executive director of the following companies, the shares of which are listed on the Main Board of the Stock Exchange: (a) Shenghui Cleanness Group Holdings Limited (stock code: 2521), since July 2024; and (b) Central China Securities Co., Ltd. (stock code: 1375), since December 2025.

Dr. Wang obtained a bachelor’s and a master’s degrees in economics from Shanghai University of Finance and Economics in 2000 and 2003, respectively. Then, he obtained a doctoral degree in management from Shanghai University of Finance and Economics in 2007. Dr. Wang is a non-practising member of China Association of Certified Public Accountants.

### Ms. Sun Bo

Ms. Sun Bo ("**Ms. Sun**"), aged 51, was appointed as a deputy chief executive officer of the Company on 1 January 2015. Ms. Sun is responsible for the operation and management of financial services business units of the Group. She is also a director of a number of subsidiaries of the Company.

Ms. Sun served as a senior manager of Minsheng Securities Co., Ltd. from December 1996 to February 2002, an investor relations vice president of Zhongyu Gas Holdings Limited (transferred listing from the GEM (stock code: 8070) to the Main Board (stock code: 3633) of the Stock Exchange) from June 2004 to August 2010, and an executive director of Great China Properties Holdings Limited (formerly known as Beauforte Investors Corporation Limited), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 21), from June 2006 to June 2007.

Ms. Sun obtained a master's degree in business administration from Anglia Polytechnic University in 2004.

### Ms. Liu Chang

Ms. Liu Chang ("**Ms. Liu**"), aged 45, was appointed as the chief operating officer of the Company on 25 February 2019, and re-designated as the deputy chief executive officer of the Company on 12 July 2023. Ms. Liu is responsible for (i) integrated management of daily operation matters of the middle and back office of the Group; and (ii) the investor relations and ESG related matters of the Group.

Ms. Liu is well-versed in corporate management, human resources, branding and corporate team building. She worked in senior management positions at a number of companies and financial institutions.

Ms. Liu obtained a degree of master of business administration (executive) at City University of Hong Kong in 2020.

# Directors' Report

The Board hereby presents this annual report together with the audited consolidated financial statements of the Group for the 2025 Financial Year.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The Group maintains a diversified development strategy to provide customers with a wide range of products and services, and currently is mainly engaged in financial services business, education management and consultation business and automotive parts business. Our financial services business can provide services such as listing sponsorship, underwriting and placing, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory and asset management; our education management and consultation business mainly provides international high school curriculum and overseas study consultation services; and our automotive parts business is mainly engaged in R&D, manufacturing and sales of automobile absorbers.

## SUBSIDIARIES

Details of the principal activities of the Company's principal subsidiaries as at 31 December 2025 are set out in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

## CORPORATE GOVERNANCE

The Company is committed to promoting good corporate governance practices. Details on the corporate governance practises adopted by the Company are set out in the section headed "Corporate Governance Report" of this annual report.

## RESULTS

The results of the Group for the 2025 Financial Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" of this annual report.

## FINANCIAL SUMMARY

A summary of the consolidated results, assets, liabilities and non-controlling interests of the Group for the last five financial years is set out in the section headed "Financial Summary" of this annual report.

## DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the Shareholders, pursuant to the Articles of Association and all applicable laws and regulations. The Company has adopted a dividend policy (the "**Dividend Policy**") that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder's value.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends, including financial result, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of the Shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant.

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

## FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the 2025 Financial Year (2024: Nil).

## MAJOR CUSTOMERS AND SUPPLIERS

For the 2025 Financial Year, sales to the Group's five largest customers accounted for approximately 73.0% of the total revenue of the Group (2024: approximately 63.2%), of which sales to the largest customer accounted for approximately 26.5% of the total revenue of the Group (2024: approximately 26.6%).

For the 2025 Financial Year, purchases from the Group's five largest suppliers accounted for approximately 32.5% of the total purchases of the Group (2024: approximately 35.6%), of which purchases from the largest supplier accounted for approximately 7.8% of the total purchases of the Group (2024: approximately 9.3%).

None of the Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the issued Shares) had any interests in the Group's five largest customers or suppliers set out above.

## PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2025, the Group had property, plant and equipment at carrying value of approximately RMB537.8 million (31 December 2024: approximately RMB517.9 million). Details are set out in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

## BORROWINGS

As at 31 December 2025, the Group's total borrowings amounted to approximately RMB2,435.1 million (31 December 2024: approximately RMB2,047.2 million). Details are set out in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

## CAPITALISED INTERESTS

For the 2025 Financial Year, the Group did not capitalise any interest expenses related to properties under construction development (2024: Nil).

## DONATIONS

For the 2025 Financial Year, the Group made charitable and other donations totalling RMB210,000 (2024: RMB280,000).

## SHARE CAPITAL

Details of the movements in the issued share capital of the Company for the 2025 Financial Year are set out in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

## RESERVES

Details of the movements in the reserves of the Group for the 2025 Financial Year are set out in the section headed "Consolidated Statement of Changes of Equity" of this annual report.

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the reserves available for distribution of the Company was nil (31 December 2024: Nil), as the Company's accumulated loss exceeded the share premium.

Under the Companies Act (Revised) of the Cayman Islands, in addition to the retained earnings of the Company, the share premium and capital reserve of the Company are also available for distribution to the Shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

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

For the 2025 Financial Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including treasury Shares) of the Company.

## PRE-EMPTIVE RIGHTS

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

## SHARE SCHEMES

Pursuant to an ordinary resolution passed at the EGM held on 19 October 2011, the Share Option Scheme 2011 was approved and adopted by the Company. 10,000,000 share options were granted under the Share Option Scheme 2011.

Pursuant to an ordinary resolution passed at the AGM held on 9 June 2021, the Share Option Scheme 2011 was terminated and the Share Option Scheme 2021 was approved and adopted by the Company. No share option has ever been granted under the Share Option Scheme 2021.

On 5 July 2022, the Board resolved to adopt the Share Award Scheme. No award has ever been granted under the Share Award Scheme.

The number of options and awards available for grant under the share schemes of the Company is 245,694,840 (being 100,537,840 shares under the Share Option Scheme 2021 and 145,157,000 shares under the Share Award Scheme) as at 1 January 2025 and 31 December 2025. As no option or award has been granted under any share schemes of the Company during 2025 Financial Year, the number of which as divided by the weighted average number of Shares of the relevant class in issue (excluding treasury Shares) for the 2025 Financial Year (being 1,848,000,000 Shares) is 0%.

### A. Summary of the Share Option Scheme 2021

#### 1. Purpose

The purpose of the Share Option Scheme 2021 is to provide incentives or rewards to the Eligible Participants (as defined in paragraph 2 below) for their contribution to the growth of the Group and any invested entity and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

**2. Eligible Participants**

The Board may at its discretion offer options to any directors and employees of the Company or any of its subsidiaries (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with these companies) and any directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company. The abovementioned persons are collectively referred to as “**Eligible Participants**” and each an “**Eligible Participant**”.

**3. Maximum number of Shares available for subscription**

The total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme 2021 was 100,537,840 Shares, representing approximately 5.44% of the total number of Shares in issue as at the Latest Practicable Date.

**4. Maximum entitlement of each Eligible Participant**

Unless approved by the Shareholders in general meeting with the Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting, no option may be granted to any Eligible Participants which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Participant (including exercised, cancelled and outstanding share option) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of Shares in issue as at the date of such new grant.

**5. Time of exercise of options**

An option may be exercised in accordance with the terms of the Share Option Scheme 2021 at any time during the period to be notified by the Board to the grantee save that such period shall not be more than 10 years from the date of grant.

Unless the Board otherwise determined and stated in the offer of grant of options to the grantee, a grantee is not required to achieve any performance target before any options can be exercised.

**6. Subscription price**

The subscription price in respect of each Share under the Share Option Scheme 2021 shall be determined by the Board and notified to the Eligible Participant and shall be no less than the highest of:

- (i) the nominal value of a Share on the date of grant;
- (ii) the closing price per Share on the Main Board of the Stock Exchange as stated in the Stock Exchange's daily quotation sheet on such date of grant; and
- (iii) the average closing price per Share on the Main Board of the Stock Exchange as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding such date of grant.

Eligible Participants are required to pay a consideration of HK\$1.0 for the acceptance of an option granted to them.

**7. Period of the Share Option Scheme 2021**

The Share Option Scheme 2021 will remain in force for a period of 10 years from the date of its adoption. The remaining life of the Share Option Scheme 2021 is approximately 5 years and 2 months as at the Latest Practicable Date.

**8. Termination of the Share Option Scheme 2021**

The Company may by ordinary resolution in general meeting or the Board may at any time terminate the Share Option Scheme 2021 and in such event, no further option shall be offered but the provisions of the Share Option Scheme 2021 shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme 2021. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme 2021.

**B. Options granted by the Company**

As at 1 January 2025 and 31 December 2025, 100,537,840 options could be granted under the Share Option Scheme 2021. No share options have been granted or agreed to be granted under the Share Option Scheme 2021 by the Company since adoption. As at 31 December 2025, no share options under the Share Option Scheme 2021 were outstanding, the following share options were outstanding under the Share Option Scheme 2011:

Date of grant	Category of participant	Vesting period	Exercise period	Exercise price per Share	Number of share options				
					Outstanding as at 1 January 2025	Granted during the Financial Year 2025	Exercised during the Financial Year 2025	Lapsed/ cancelled during the Financial Year 2025	Outstanding as at 31 December 2025
16 June 2020	Employee	Fully vested immediately	16 June 2020 to 15 June 2030	HK\$1.50	10,000,000	-	-	-	10,000,000

Note: The closing price per Share as stated in the Stock Exchange's daily quotation sheet immediately proceeding the date of grant was HK\$0.985. The fair value of the share options granted as at the date of grant was approximately HK\$4,780,000 (equivalent to approximately RMB4,363,000), which is subject to a number of assumptions and the limitation of the pricing model, and therefore may be subjective and uncertain.

## C. Summary of the Share Award Scheme

### 1. Purpose

The purpose of the Share Award Scheme is (i) to recognise the contributions by certain eligible persons and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

### 2. Participants

The Board may, from time to time, at its absolute discretion select selected person(s) (the "**Selected Person(s)**") from eligible person(s) (the "**Eligible Person(s)**") ,who is any individual being an employee (including without limitation any executive Director) or any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group, or any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company at any time between 5 July 2022 and 4 July 2032 or such date of early termination as determined by the Board (whichever the earlier), for participation in the Share Award Scheme.

### 3. Scheme Limit

The maximum number of Shares which may be awarded under the Share Award Scheme was 145,157,000 Shares, representing approximately 7.85% of the total number of Shares in issue as at the Latest Practicable Date.

The maximum number of Shares which may be awarded to a Selected Person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

### 4. Award of Awarded Shares

Subject to the rules of the Share Award Scheme, the Board may grant such number of awarded shares to any Selected Person at a consideration of HK\$1.0 or at a consideration determined by the Board with reference to the closing price of the Shares traded on the Stock Exchange and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

### 5. Vesting and Lapse

Subject to the rules of the Share Award Scheme, and the fulfilment of all vesting condition(s) and/or performance target(s) to the vesting of awarded shares on such Selected Person as specified in the Share Award Scheme and the grant notice, the respective awarded shares held by the trustee on behalf of the Selected Person shall vest in such Selected Person in accordance with the vesting schedule (if any) as set out in the grant notice.

Unless otherwise waived by the Board, in the event that the vesting condition(s) specified in the grant notice are not fully satisfied prior to or on the relevant vesting date, the award of awarded shares in respect of the relevant vesting date shall lapse.

In the event that prior to or on the vesting date, being a minimum of 12 months from the date of grant (or a shorter period to be approved by the Remuneration Committee), a Selected Person is found to be an excluded person or is deemed to cease to be an Eligible Person, the relevant award made to such Selected Person shall automatically lapse forthwith and the relevant awarded shares shall not vest on the relevant vesting date, unless the Board determines otherwise.

#### **6. Duration and Termination**

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date of such scheme. The remaining life of the Share Award Scheme is approximately 6 years and 3 months as at the date of this annual report.

#### **D. Awarded Shares granted by the Company**

As at 1 January 2025 and 31 December 2025, 145,157,000 shares could be awarded under the Share Award Scheme. No award has been made under the Share Award Scheme by the Company since adoption. As at 31 December 2025, no awarded shares remained unvested.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the 2025 Financial Year and up to the Latest Practicable Date, the Company have maintained sufficient public float (being approximately 91.14% as at 31 December 2025) that the percentage of the Shares which are in the hands of the public exceeds 25% of the total number of Shares in issue as required under Rule 13.32B of the Listing Rules.

### **TAX RELIEF AND EXEMPTION**

The Directors are not aware of any exemption or relief from taxation available to the Shareholders by reason of their holdings of the Shares.

### **DIRECTORS**

The Directors for the 2025 Financial Year and up to the Latest Practicable Date are:

#### **Executive Directors**

Dr. Wilson SEA (*Chairman*)

Dr. ZHU Huanqiang (*CEO*) (*re-designated with effect from 26 March 2025*)

Mr. ZHAO Zhijun (*Co-CEO*) (*resigned with effect from 26 March 2025*)

### Independent Non-Executive Directors

Mr. CHU Kin Wang, Peleus

Mr. LOO Cheng Guan (*resigned with effect from 31 March 2026*)

Ms. LU Dan

Mr. QIAO Huabin (*appointed with effect from 31 March 2026*)

### CHANGE OF BOARD COMPOSITION AND DIRECTORS' INFORMATION

For the 2025 Financial Year and up to the Latest Practicable Date, save as disclosed below, there have been no other changes regarding the Directors and their information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

As disclosed in the announcement of the Company dated 26 March 2025, (i) Mr. Zhao Zhijun resigned as an executive Director, a Co-CEO, a member of the Remuneration Committee and a member of the Strategy Committee, (ii) Dr. Wilson Sea was appointed as a member of the Remuneration Committee, (iii) Ms. Lu Dan was appointed as a member of the Nomination Committee, and (iv) Dr. Zhu Huanqiang was re-designated from a Co-CEO to the CEO, all with effect from 26 March 2025.

As disclosed in the announcement of the Company dated 31 March 2026, (i) Mr. Loo Cheng Guan resigned as an INED, a member of the Audit Committee, a member of the Nomination Committee and a member of the Strategy Committee, and (ii) Mr. Qiao Huabin was appointed as an INED, a member of the Audit Committee and a member of the Strategy Committee, all with effect from 31 March 2026.

Mr. Chu Kin Wang, Peleus, an INED, was appointed as an executive director of Momentum Financial Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1152), with effect from 7 February 2025, and he resigned from the position with effect from 1 December 2025.

### RE-ELECTION OF DIRECTORS

According to Article 83(3) of the Articles of Association, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Ms. Lu Dan, an INED, retired and, being eligible, offer herself for re-election at the AGM held on 22 May 2025 and was re-elected. Mr. Qiao Huabin, an INED newly appointed on 31 March 2026, will retire and, being eligible, offer himself for re-election at the forthcoming AGM.

According to Article 84(1) of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. According to Article 84(2) of the Articles of Association, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Dr. Wilson Sea, an executive Director and Mr. Chu Kin Wang, Peleus, an INED, retired and, being eligible, offered themselves for re-election at the AGM held on 22 May 2025 and both were re-elected. Dr. Zhu Huanqiang, an executive Director, and Mr. Chu Kin Wang, Peleus, an INED, will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

## BIOGRAPHIES OF DIRECTORS

Profiles of the Directors are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the INEDs, namely Mr. Chu Kin Wang, Peleus, Mr. Loo Cheng Guan (resigned with effect from 31 March 2026), and Ms. Lu Dan, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has also received from Mr. Qiao Huabin, an INED newly appointed on 31 March 2026, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers Mr. Chu Kin Wang, Peleus, Mr. Loo Cheng Guan, Ms. Lu Dan and Mr. Qiao Huabin to be independent.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

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

### Long Positions in Shares

Name	Capacity	Number of issued Shares held	Approximate percentage of total issued Shares
Wilson SEA	Interest of controlled corporation	163,765,800	8.86%

Note: These Shares are held by Wealth Max. Dr. Wilson Sea is the sole beneficial owner of Wealth Max and hence is deemed to be interested in all the Shares held by Wealth Max under the SFO. As at 31 December 2025, the total number of issued Shares is 1,848,000,000 Shares.

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executives of the Company, had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code.

For the 2025 Financial Year, none of the Directors or the chief executives of the Company (including their respective spouse and/or children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for the shares, warrants or debentures (if applicable) of the Company or any of its associated corporations.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the following persons (other than the Directors or the chief executives of the Company whose interests are disclosed above) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity	Number of issued Shares held	Approximate percentage of total issued Shares <sup>10</sup>
Wealth Max <sup>1</sup>	Beneficial owner	163,765,800 <sup>3</sup>	8.86%
Wang Lily <sup>2</sup>	Interest of spouse	163,765,800 <sup>3</sup>	8.86%
Chuang Yue <sup>4</sup>	Beneficial owner	133,340,000	7.215%
	Person having a security interest in shares	133,340,000	7.215%
		266,680,000 <sup>5</sup>	14.43%
Shenmane.D Co., Limited <sup>4</sup>	Interest of controlled corporation	266,680,000 <sup>5</sup>	14.43%
Golden Cloud Co., Limited <sup>4</sup>	Interest of controlled corporation	266,680,000 <sup>5</sup>	14.43%
Liu Kun <sup>4</sup>	Interest of controlled corporation	266,680,000 <sup>5</sup>	14.43%
Champion Sense <sup>6</sup>	Beneficial owner	3,470,744,681	187.81%
	Person having a security interest in shares	385,999,574	20.89%
		3,856,744,255 <sup>7</sup>	208.70%
Huarong Huaqiao Asset Management Co., Ltd.* (華融華僑資產管理股份有限公司) ("Huarong Huaqiao") <sup>6</sup>	Interest of controlled corporation	3,856,744,255 <sup>7</sup>	208.70%
CITIC FAMC <sup>6</sup>	Interest of controlled corporation	3,856,744,255 <sup>7</sup>	208.70%
Principal Global Investment Limited ("Principal Global") <sup>8</sup>	Beneficial owner	3,723,404,254 <sup>9</sup>	201.48%
Guo Ce <sup>8</sup>	Interest of controlled corporation	3,723,404,254 <sup>9</sup>	201.48%

Notes:

- Wealth Max is owned as to 100% by Dr. Wilson Sea.
- Ms. Wang Lily is the spouse of Dr. Wilson Sea. Thus, Ms. Wang Lily is deemed to be interested in all the Shares in which Dr. Wilson Sea is interested and/or deemed to be interested under the SFO.
- The interests of Wealth Max, Ms. Wang Lily and Dr. Wilson Sea related to the same parcel of Shares.

4. As at 31 December 2025, (i) 133,340,000 Shares were held by Chuang Yue; and (ii) 133,340,000 Shares held by Wealth Max have been charged in favour of Chuang Yue.

Chuang Yue is owned as to 100% by Shenmane.D Co., Limited, which in turn is owned as to 100% by Golden Cloud Co., Limited, and which in turn is owned as to 100% by Mr. Liu Kun. Thus, Shenmane.D Co., Limited, Golden Cloud Co., Limited and Mr. Liu Kun are deemed to be interested in all the Shares held by Chuang Yue under the SFO.

5. The interests of Chuang Yue, Shenmane.D Co., Limited, Golden Cloud Co., Limited and Mr. Liu Kun related to the same parcel of Shares.

6. As at 31 December 2025, (i) Champion Sense held the Convertible Bonds in the principal amount of HK\$652,500,000, of which upon full exercise of conversion rights of the Convertible Bonds, 3,470,744,681 Shares will be issued; (ii) Convertible Bonds in the principal amount of HK\$47,500,000 held by Principal Global have been charged in favour of Champion Sense, of which upon full exercise of conversion rights of the Convertible Bonds, 252,659,574 Shares will be issued; and (iii) 133,340,000 Shares held by Chuang Yue have been charged in favour of Champion Sense.

Champion Sense is indirectly owned as to 100% by Huarong Huaqiao, which is in turn indirectly owned as to 100% by CITIC FAMC. Thus, Huarong Huaqiao and CITIC FAMC are deemed to be interested in all the interest held by Champion Sense under the SFO.

7. The interests of Champion Sense, Huarong Huaqiao and CITIC FAMC related to the same parcel of Shares.

8. As at 31 December 2025, (i) Principal Global held the Convertible Bonds in the principal amount of HK\$47,500,000, of which upon full exercise of conversion rights of the Convertible Bonds, 252,659,574 Shares will be issued; and (ii) pursuant to the convertible bonds purchase agreement entered into between Principal Global and Champion Sense on 13 January 2022, Convertible Bonds in the principal amount of HK\$652,500,000 held by Champion Sense will be sold to Principal Global, of which upon full exercise of conversion rights of the Convertible Bonds, 3,470,744,681 Shares will be issued.

Principal Global is owned as to 43% by Mr. Guo Ce. Thus, Mr. Guo Ce is deemed to be interested in all the interests held by Principal Global under the SFO.

9. The interests of Principal Global and Mr. Guo Ce related to the same parcel of Shares.

10. Based on 1,848,000,000 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, no other person had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## PERMITTED INDEMNITY PROVISION

According to Article 164(1) of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time for the 2025 Financial Year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## COMPETING INTEREST

None of the Directors had, either directly or indirectly, an interest in a business which causes or may cause any significant competition with the business of the Group and any other conflicts of interest which any such Directors have or may have with the Group.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACT OF SIGNIFICANCE

For the 2025 Financial Year, there were no transactions, arrangements or contracts that are significant in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly. There is no contract of significance between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries for the 2025 Financial Year.

## CONNECTED TRANSACTION

For the 2025 Financial Year, save as disclosed in this annual report, the Group had no connected transaction and continuing connected transaction which were not exempted under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors had entered into a service contract with the Company. Details of the service contracts mainly include: (i) a term of directorship for three years with effect from the date of appointment or re-election; and (ii) the contracts shall be terminated according to the terms of each contract.

Each of the INEDs had signed a letter of appointment with the Company. Details of the letters of appointment mainly include: (i) a term of directorship for three years with effect from the date of appointment or re-election; and (ii) the contracts shall be terminated according to the terms of each contract.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## REMUNERATION OF THE DIRECTORS

Details of the emoluments of each Director for the 2025 Financial Year is set out in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

## REMUNERATION POLICY

As at 31 December 2025, the Group had 3,017 employees (31 December 2024: 2,454 employees). For the 2025 Financial Year, the Group's total remuneration and welfare benefits expenses amounted to approximately RMB353.0 million (2024: approximately RMB266.5 million). Based on the Group's remuneration policy, the remuneration of employees is primarily determined based on the job responsibilities, work experience, job performance and length of service of each employee and the prevailing market condition. On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual employees' performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of internal and external training courses. Share options and/or awarded shares may also be granted to eligible employees by reference to the Group's performance as well as individual employees' contribution. The remuneration of the Directors is determined based on their job duties and responsibilities, experience and the prevailing market condition.

The remuneration of the senior management of the Company, including the executive Directors, for the 2025 Financial Year by band is set out below:

Remuneration band (HK\$'000)	Number of individuals
0 to 500	2
501 to 1,000	3
1,001 to 1,500	1
1,501 to 2,000	1

## RETIREMENT SCHEME

The Group operates a mandatory provident fund scheme ("MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. In accordance with the MPF Scheme, each of the employers and employees is required to make contributions of 5% of the employees' relevant income to the scheme, subject to a cap of monthly relevant income of HK\$30,000. Contributions made to the scheme are vested immediately. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The employees of the subsidiaries of the Group in the PRC and Singapore participate in the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of their employees' salaries to these schemes. The only obligation of the Group in respect to these schemes is the required contributions under the schemes.

For the 2025 Financial Year, the Group's total contributions to the retirement schemes charged in the consolidated statement of profit or loss and other comprehensive income amounted to approximately RMB36.3 million (2024: approximately RMB26.9 million).

## MANAGEMENT CONTRACTS

Other than employment contract with employees of the Group, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed with any individual, company or body corporate for the 2025 Financial Year by the Group.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

It is the policy of the Group to promote clean operation. The Group is committed to enhancing environmental protection to minimise the impact of its activities on the environment. Further information of the environmental policies and performance are detailed in the section headed "Environmental, Social and Governance Report" of this annual report.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the 2025 Financial Year, the Group's business and operation were mainly carried out by the subsidiaries of the Company in the PRC and Hong Kong. The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. There was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## SIGNIFICANT LEGAL PROCEEDINGS

For the 2025 Financial Year, save as disclosed below, to the best of the knowledge and belief of the Directors, the Group had not been involved in any significant legal proceedings or arbitration and there are no significant legal proceedings or claims pending or threatened against the Group.

On 20 December 2023, a winding-up petition (the "**Petition**") was presented by an alleged holder of bonds of the Company in a principal amount of HK\$10,000,000 to the High Court for the winding up of the Company. On 9 April 2024, the said petitioner and the Company made a joint application to the court for withdrawal of the Petition. On the same day, a supporting creditor of the Petition made an application to the court to substitute the petitioner of the Petition (the "**Substitution Application**"). On 8 April 2025, the High Court decided that the Substitution Application be allowed for the Petition. As at the Latest Practicable Date, the hearing of the Petition is scheduled on 20 April 2026. For details, please refer to the announcements of the Company dated 20 December 2023, 28 February 2024, 10 April 2024, 18 April 2024, 10 May 2024, 4 October 2024, 27 November 2024, 13 December 2024, 19 March 2025, 8 April 2025, 29 April 2025, 14 May 2025, 11 June 2025, 20 June 2025, 22 September 2025 and 12 January 2026.

On 21 May 2024, an alleged holder of bonds of the Company (the "**Plaintiff**") commenced legal proceedings against the Company in the High Court (the "**Action**"). According to the statement of claim filed by the Plaintiff in the Action, the Plaintiff claimed against the Company for the sum of HK\$12,250,000, together with interest and cost. For details, please refer to the announcement of the Company dated 22 May 2024.

## AUDITOR

Linksfield is the Auditor. Linksfield has audited the consolidated financial statements of the Group for the 2025 Financial Year and it does not express an opinion on such consolidated financial statements. For further information, please refer to the section headed "Independent Auditor's Report" of this annual report.

A resolution to re-appoint Linksfield as the Auditor was approved by the Shareholders at the AGM held on 22 May 2025. According to the Articles of Association, Linksfield shall hold office until the conclusion of the next AGM. A resolution to re-appoint Linksfield as the Auditor will be proposed for approval by the Shareholders at the forthcoming AGM.

## REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three INEDs. The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the 2025 Financial Year. They expressed no disagreement with the accounting policies and principles adopted by the Group.

## ANNUAL GENERAL MEETING

The Company will hold an annual general meeting on Tuesday, 9 June 2026. Notice of the forthcoming AGM will be published and despatched to the Shareholders in accordance with the Articles of Association and the Listing Rules as soon as practicable.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 4 June 2026 to Tuesday, 9 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 3 June 2026, for registration.

## PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual report of the Company for the 2025 Financial Year, in both English and Chinese versions, will be despatched to the Shareholders according to their choice of means of receipt and language of Corporate Communications, and will also be available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cfcg.com.hk](http://www.cfcg.com.hk) in due course.

Shareholders who have chosen (or are deemed to have consented) to access the Corporate Communications (including this annual report) by electronic means but for any reason have difficulty in receiving or gaining access to this annual report, the Company or the Hong Kong Branch Share Registrar will, upon their written request, send this annual report to them in printed form free of charge.

Shareholders are entitled at any time by reasonable notice in writing to the Company c/o the Hong Kong Branch Share Registrar to change their choice of means of receipt and/or language of future Corporate Communications.

## APPRECIATION

The Group would like to express its sincere appreciation for the unremitting effort and dedication made by the Board, the management of the Group and all of its staff, as well as the continuous support from the Shareholders, loyal customers, the government, business partners and professional advisers.

# Corporate Governance Report

The Board is committed to promoting good corporate governance practises to safeguard the interests of the Shareholders and to enhance the Group's performance. The Group believes that conducting its businesses in an open and responsible manner and following good corporate governance practises serve its long-term interests and those of its Shareholders.

## CORPORATE GOVERNANCE PRACTISES

For the 2025 Financial Year and up to the Latest Practicable Date, the Company has complied with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules so as to enhance the corporate governance standard of the Company. None of the Directors is aware of any information which would reasonably indicate that the Company has not been in compliance with the Corporate Governance Code for the 2025 Financial Year and up to the Latest Practicable Date.

The Board as a whole is responsible for performing the corporate governance duties set out in the Corporate Governance Code. The Board reviews at least annually the corporate governance practises of the Company to ensure its continuous compliance with the Corporate Governance Code and make appropriate changes if considered necessary. For the 2025 Financial Year, the Board had performed the corporate governance duties set out in the Corporate Governance Code.

## DIRECTORS

The overall management of the business of the Group is delegated to the Board. The Board is responsible for the formulation of strategic, management and financial objectives of the Group and satisfies itself that these and the Group's culture are aligned. All the Directors must act with integrity, lead by example, promote the desired culture and continually reinforce the values of acting lawfully, ethically and responsibly, ensuring that the interest of the Shareholders, including those minority Shareholders, are protected.

Daily operations and administration of the Group are delegated to the executive Directors and the management of the Company. The Company has arranged directors and officers liability insurance in respect of any legal actions which may be taken against the Directors and officers of the Company in execution and discharge of their duties or in relation thereto.

### Independent Non-executive Directors

The Board at all times met the requirements of the Listing Rules relating to the appointment of at least three INEDs, representing at least one-third of the Board and with at least one of them having appropriate professional qualifications or accounting or related financial management expertise throughout the 2025 Financial Year.

As at the Latest Practicable Date, Mr. Chu Kin Wang, Peleus is an independent non-executive director of six listed companies, inclusive of the Company. The Board believes that Mr. Chu will still be able to devote sufficient time to perform his duties as a Director in the future, as he does not participate in the daily operation of the Group and has actively participated in the meetings of the Board and its various committees in the past. Mr. Chu Kin Wang, Peleus has served the Board for more than nine years since 19 October 2011. After considering the relevant independence assessment requirements set out in Rule 3.13 of the Listing Rules, the Nomination Committee formed the view that, notwithstanding that Mr. Chu has served on the Board for over nine years, he remains independent, taking into account his impartial views and comments expressed during the Board and Board Committee meetings, his positive and significant contributions, deep insights and guidance in the Company's strategies and business development. Mr. Chu has consistently exercised independent judgment and demonstrated a healthy level of professional scepticism, and has not refrained from asking probing questions and challenging management's views and recommendations. There is no evidence to suggest that his tenure has had any impact on his independence and effective oversight of the management.

The Company has received annual written confirmations from Mr. Chu Kin Wang, Peleus, Mr. Loo Cheng Guan (resigned with effect from 31 March 2026) and Ms. Lu Dan, the INEDs, of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has also received from Mr. Qiao Huabin, an INED newly appointed on 31 March 2026, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers them to be independent of the management of the Company and free of any relationship that could materially interfere with the exercise of their independent judgement.

### Appointment and Re-election of Directors

The Board is authorised under the Articles of Association from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Suitable candidates who are experienced and competent and able to fulfil the fiduciary duties and duties of skill, care and diligence would be recommended to the Board.

Each of the executive Directors was appointed for an initial term of three years and each service contract shall automatically be renewed after expiry and continue thereafter until terminated by either party giving to the other not less than three months' prior notice in writing. Each of the INEDs was appointed for an initial term of three years and each letter of appointment shall automatically be renewed after expiry and continue thereafter until terminated by either party giving to the other not less than three months' prior notice in writing. All the Directors are subject to retirement by rotation and are eligible for re-election pursuant to the Articles of Association.

Pursuant to the Articles of Association, any Director appointed by the Board to fill a casual vacancy on the Board shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. At each AGM, one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. The Directors appointed by the Board who are subject to retirement and re-election as mentioned above shall be taken into account in calculating the total number of the Directors for the time being but shall not be taken into account in calculating the number of the Directors who are to retire by rotation. All the Directors who are eligible for re-election shall have their biographical details made available to the Shareholders to enable the Shareholders to make an informed decision on their re-election. Any appointment, resignation, removal or re-designation of the Directors shall be timely disclosed to the Shareholders by announcement and shall include the reasons given by the Director for his resignation in such announcement.

Dr. Wilson Sea, an executive Director, and Mr. Chu Kin Wang, Peleus, an INED, retired and, being eligible, offered themselves for re-election at the AGM held on 22 May 2025 and both were re-elected.

### Responsibilities of Directors

The Company and the Board require each Director to understand his responsibilities as a Director and the business, operation and development of the Group. Every Director is required to devote sufficient time and involvement in the affairs of the Board and the material matters of the Group and to serve the Board with such degree of care and due diligence given his own expertise, qualification and professionalism.

Each executive Director is responsible for the management of different functions of the business of the Group. The INEDs attend the Board meetings and give their opinions on the business strategy of the Group and review the financial and operation performance of the Group. The INEDs also serve the relevant function of bringing independent judgement on strategic direction, development, performance and risk management of the Group. The INEDs are a majority of members of the Audit Committee, the Nomination Committee and the Remuneration Committee.

### Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, to the best of their knowledge, all the Directors had complied with the required standards set out in the Model Code for the 2025 Financial Year.

The Company has also adopted the Model Code as the code of conduct for securities transactions by relevant employees to regulate dealings in securities of the Company by certain employees of the Company, or any of its subsidiaries or the holding companies who are considered to be likely in possession of unpublished inside information in relation to the Company or its securities. Having made specific enquiries to the relevant employees, they have confirmed their compliance with the required standards set out in the Model Code for the 2025 Financial Year.

## THE BOARD

For the 2025 Financial Year and up to the Latest Practicable Date, the composition of the Board and Board committees are as follows:

Directors	Board Committees				
	Audit Committee	Nomination Committee	Remuneration Committee	Strategy Committee	Risk Management Committee
<b>Executive Directors</b>					
Dr. Wilson SEA (Chairman)		C	M <sup>2</sup>	C	C
Dr. ZHU Huanqiang (CEO)				M	M
Mr. ZHAO Zhijun (Co-CEO) (resigned with effect from 26 March 2025)			M	M	
<b>Independent Non-Executive Directors</b>					
Mr. CHU Kin Wang, Peleus	C	M	M		M
Mr. LOO Cheng Guan (resigned with effect from 31 March 2026)	M	M		M	
Ms. LU Dan	M	M <sup>2</sup>	C		
Mr. QIAO Huabin (appointed with effect from 31 March 2026)	M			M	

Notes:

1. C – chairman M – member
2. appointed with effect from 26 March 2025

Profiles of the Directors are set out in the section headed “Profiles of Directors and Senior Management” of this annual report and are published on the website of the Company. The number and nature of offices held by Directors in other public companies or organisations and other significant commitments, are set out in the profiles of Directors. The Board members have no financial, business, family or other material/relevant relationship with each other.

The Board believes that the composition of the executive and non-executive Directors (including INEDs) is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group. The non-executive Directors are of sufficient calibre and members, provide the Group with diversified expertise and experience. Their participation in the Board and Board committee meetings bring independent judgement and views on issues relating to the Group’s strategies, performance, conflicts of interest and management process. One of the INEDs, Mr. Chu Kin Wang, Peleus, has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.

The Company, together with its legal adviser, continuously provide briefings and other trainings to develop and refresh the Directors’ knowledge and skills to ensure that they are aware of their responsibilities under the applicable laws and regulation, and enhance their awareness of good corporate governance practices. For the 2025 Financial Year, all the Directors have received adequate continuous professional development. The Company provided training material to all the Directors (being Dr. Wilson Sea, Mr. Zhao Zhijun (resigned with effect from 26 March 2025), Dr. Zhu Huanqiang, Mr. Chu Kin Wang, Peleus, Mr. Loo Cheng Guan (resigned with effect from 31 March 2026) and Ms. Lu Dan), covering various topics relating to (i) the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness; (ii) issuers’ obligations and directors’ duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties; (iii) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the Group and its business); (iv) risk management and internal controls; and (v) updates on industry-specific developments, business trends and strategies relevant to the Group. On 19 March 2026, Mr. Qiao Huabin, an INED newly appointed with effect from 31 March 2026, obtained the legal advice referred to Rule 3.09D of the Listing Rules before his appointment became effective, and has confirmed that he understood his obligations as a director of the Company.

For the 2025 Financial Year, the Board also (i) reviewed and monitored the Company's policies and practises on corporate governance and made recommendations; (ii) reviewed and monitored the Company's policies and practises on internal control and risk management; (iii) reviewed and monitored the training and continuous professional development of the Directors and senior management of the Company; (iv) reviewed and monitored the implementation and effectiveness of policy on Board diversity and the mechanism for the Directors to achieve independent views and opinions; (v) reviewed and monitored the implementation and effectiveness of policy on shareholders' communication; (vi) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (vii) reviewed and monitored the code of conduct applicable to the Directors and employees; and (viii) reviewed the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

### Board Meetings

The Board meets at least four times a year regularly and additional meetings will be convened when deemed necessary by the Board. Notices of regular Board meetings will be served to all the Directors at least 14 days before the meeting. For all other Board meetings, reasonable notice period will be given.

Notices and agendas of the Board meetings are prepared by the Company Secretary and/or the senior management of the Company as delegated by the Chairman. All the Directors are given the opportunity to submit any matters which they believe to be appropriate in the agenda of the Board meetings. Agenda and relevant documents of the Board meetings with adequate background information and supporting analysis are made available to the Directors at least three days before the intended date of the Board meeting. All the Directors are given separate and independent access to the Company Secretary and/or the senior management of the Company for further information and enquiries. The Company Secretary and/or the senior management of the Company will provide the Board and Board committees with advice on corporate governance, statutory compliance and financial matters.

Any material matters that would have conflicts of interest between the Directors/Substantial Shareholders and the Company will be dealt with at the Board meetings. Pursuant to the Articles of Association, a Director is not entitled to vote on (nor is counted in the quorum) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his associates (including any person who would be deemed to be an "associate" of the Directors under the Listing Rules) has any material interest, except under certain special circumstances. The chairman of the Board meeting is required to ensure that each Director is aware of such requirement at each Board meeting and their responsibilities in making proper declaration of interest at the Board meeting when conflicts of interest arise.

The Directors have access to the advice and services of the Company Secretary and/or the relevant officers of the Company in relation to the Board procedures. Draft minutes of Board/Board committee meetings shall record in sufficient detail the matters considered by the participants of such meetings and decisions reached and then be forwarded to the participants for comments within a reasonable time after the meetings. The final versions of minutes of Board/Board committee meetings are kept by the Company Secretary, which are open for inspection by any of the Directors at any reasonable time on reasonable notice.

Directors are provided with complete, adequate and timely information to allow them to fulfil their duties properly. The Directors may seek independent views and professional advice at the Company's expense, if necessary, with the approval of the Board.

## BOARD COMMITTEES

The Board has established five Board committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Strategy Committee and the Risk Management Committee, to assist the Board for overseeing particular aspects of the Group's affairs. The Board is responsible for determining the policy for the corporate governance of the Company and the terms of reference/duties of the Board/Board committees. The terms of reference setting out the principles, procedures and arrangements of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee are available on the websites of the Stock Exchange and the Company. The Board committees report to the Board their decisions and recommendations at the Board meetings.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

### Audit Committee

The Company established the Audit Committee pursuant to Rules 3.21 and 3.22 of the Listing Rules on 19 October 2011, with written terms of reference in compliance with the requirements of the Corporate Governance Code and published on the websites of the Stock Exchange and the Company. As at the Latest Practicable Date, the Audit Committee comprises three INEDs, namely Mr. Chu Kin Wang, Peleus, Ms. Lu Dan and Mr. Qiao Huabin (appointed with effect from 31 March 2026), and Mr. Chu Kin Wang, Peleus is the chairman of the Audit Committee. With effect from 31 March 2026, Mr. Loo Cheng Guan resigned as a member of the Audit Committee.

The Audit Committee is responsible for, among others, (i) the relationship with the Auditor; (ii) reviewing the Group's financial information; and (iii) reviewing and supervising the effectiveness of the Group's financial reporting systems and internal control systems.

The Audit Committee holds meetings at least twice a year. For the 2025 Financial Year, two meetings of the Audit Committee were held. The Audit Committee has reviewed the Group's interim results, the annual results and the audited consolidated financial statements together with relevant announcements and reports for the 2025 Financial Year. They expressed no disagreement with the accounting policies and principles adopted by the Group. The Audit Committee has reviewed the effectiveness of the Group's financial reporting and internal control systems as well as the internal audit function. The Audit Committee has also reviewed the independence and objectivity of the Auditor and the effectiveness of audit process. The Audit Committee has recommended to the Board on the re-appointment of Linksfield as the Auditor for the coming year and the related resolution shall be put forth at the forthcoming AGM.

For the 2025 Financial Year, the Auditor provided annual audit service and did not provide any non-audit services. The total fees paid/payable in respect of the audit service amounted to approximately RMB2.1 million.

### Nomination Committee

The Company established the Nomination Committee pursuant to Rule 3.27A of the Listing Rules on 19 October 2011, with written terms of reference in compliance with the Corporate Governance Code and published on the websites of the Stock Exchange and the Company. As at the Latest Practicable Date, the Nomination Committee comprises an executive Director, Dr. Wilson Sea, and two INEDs, namely Mr. Chu Kin Wang, Peleus and Ms. Lu Dan (appointed with effect from 26 March 2025), and Dr. Wilson Sea is the chairman of the Nomination Committee. With effect from 31 March 2026, Mr. Loo Cheng Guan resigned as a member of the Nomination Committee.

The Nomination Committee is responsible for, among others, (i) formulating policy for the nomination of the Directors; (ii) identifying and selecting individuals suitably qualified to become members of the Board and making recommendations to the Board on the selection of individuals nominated for directorships; and (iii) making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors.

The Nomination Committee holds a meeting at least once a year. For the 2025 Financial Year, one meeting of the Nomination Committee were held. The Nomination Committee has reviewed the nomination process of individuals for directorship after considering different criteria including appropriate professional knowledge and industry experience and the nomination procedures in general. The Nomination Committee has also assessed the independence of all the INEDs, namely Mr. Chu Kin Wang, Peleus, Mr. Loo Cheng Guan (resigned with effect from 31 March 2026), Ms. Lu Dan and Mr. Qiao Huabin (appointed with effect from 31 March 2026), reviewed the size, structure and composition of the Board and recommended to the Board the Directors who will retire and, being eligible, offer themselves for re-election at the AGM.

### Remuneration Committee

The Company established the Remuneration Committee pursuant to Rules 3.25 and 3.26 of the Listing Rules on 19 October 2011, with written terms of reference in compliance with the Corporate Governance Code and published on the websites of the Stock Exchange and the Company. As at the Latest Practicable Date, the Remuneration Committee comprises an executive Director, Dr. Wilson Sea (appointed with effect from 26 March 2025), and two INEDs, namely Ms. Lu Dan and Mr. Chu Kin Wang, Peleus, and Ms. Lu Dan is the chairman of the Remuneration Committee. With effect from 26 March 2025, Mr. Zhao Zhijun resigned as a member of the Remuneration Committee.

The Remuneration Committee is responsible for, among others, (i) making recommendations to the Board on the policy and structure of remuneration packages for the Directors and senior management of the Company; (ii) ensuring that no Directors or any of their associates are involved in deciding that Director's own remuneration; and (iii) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee holds a meeting at least once a year. For the 2025 Financial Year, one meeting of the Remuneration Committee were held. The Remuneration Committee has reviewed and determined the policy and structure of remuneration for the executive Directors and senior management of the Company, assessed their performance, and reviewed matters relating to share schemes under Chapter 17 of the Listing Rules, such as terms and status. The Directors' remuneration shall from time to time be determined by the Board with reference to their duties and responsibilities and subject to a review by the Remuneration Committee. Details are set out in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

### Strategy Committee

The Company established the Strategy Committee on 28 March 2013, with written terms of reference published on the website of the Company. As at the Latest Practicable Date, the Strategy Committee comprises two executive Directors, namely Dr. Wilson Sea and Dr. Zhu Huanqiang, and an INED, Mr. Qiao Huabin (appointed with effect from 31 March 2026), and Dr. Wilson Sea is the chairman of the Strategy Committee. With effect from 26 March 2025, Mr. Zhao Zhijun resigned as a member of the Strategy Committee and with effect from 31 March 2026, Mr. Loo Cheng Guan resigned as a member of the Strategy Committee.

The Strategy Committee aimed to adapt the needs of the strategic development of the Group, ensure the development plans, enhance the core competitiveness, optimise the governance structure, strengthen the scientific decision-making and uplift the efficiency and quality of investment decisions.

The Strategy Committee holds a meeting at least once a year. For the 2025 Financial Year, one meeting of the Strategy Committee was held. The Strategy Committee has reviewed the overall strategy and development plan of the Group.

### Risk Management Committee

The Company established the Risk Management Committee on 31 December 2015, with written terms of reference published on the websites of the Stock Exchange and the Company. As at the Latest Practicable Date, the Risk Management Committee comprises two executive Directors, namely Dr. Wilson Sea and Dr. Zhu Huanqiang, and an INED, Mr. Chu Kin Wang, Peleus, and Dr. Wilson Sea is the chairman of the Risk Management Committee.

The Risk Management Committee is responsible for assisting the Board in, among others, (i) deciding the risk level and risk appetite of the Group; and (ii) considering the Group's risk management, internal control systems, ESG strategies and giving directions where appropriate.

The Risk Management Committee holds a meeting at least once a year. For the 2025 Financial Year, one meeting of the Risk Management Committee were held. The Risk Management Committee has reviewed the policies, guidelines and effectiveness of the work on risk management, internal control systems and ESG of the Group. The Risk Management Committee has also reviewed the training and continuous professional development of the Directors and senior management of the Company.

## ATTENDANCE RECORDS AT MEETINGS

The attendance records of the Directors at the meetings of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Strategy Committee, the Risk Management Committee, the Chairman and INEDs meetings and the general meetings for the 2025 Financial Year are set out in the following table:

Directors	Meetings attended/Meetings held							
	Board meeting(s)	Audit Committee meeting(s)	Nomination Committee meeting(s)	Remuneration Committee meeting(s)	Strategy Committee meeting(s)	Risk Management Committee meeting(s)	Chairman and INEDs meeting(s)	General meeting(s)
<b>Executive Directors</b>								
Dr. Wilson SEA (Chairman)	6/6	N/A	1/1	0/0 <sup>1</sup>	1/1	1/1	1/1	1/1
Dr. ZHU Huanqiang (CEO)	6/6	N/A	N/A	N/A	1/1	1/1	N/A	1/1
Mr. ZHAO Zhijun (Co-CEO) (resigned with effect from 26 March 2025)	1/1	N/A	N/A	1/1	0/0	N/A	N/A	0/0
<b>Independent Non-Executive Directors</b>								
Mr. CHU Kin Wang, Peleus	6/6	2/2	1/1	1/1	N/A	1/1	1/1	1/1
Mr. LOO Cheng Guan (resigned with effect from 31 March 2026)	6/6	2/2	1/1	N/A	1/1	N/A	1/1	1/1
Ms. LU Dan	6/6	2/2	0/0 <sup>2</sup>	1/1	N/A	N/A	1/1	1/1

Notes:

1. Dr. Wilson Sea was appointed as a member of the Remuneration Committee with effect from 26 March 2025.
2. Ms. Lu Dan was appointed as a member of the Nomination Committee with effect from 26 March 2025.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

To ensure a balance of power and authority, the roles of the Chairman and the CEO are segregated and not exercised by the same individual.

The Board is led by the Chairman, Dr. Wilson Sea. He is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner. With the support of the Company Secretary and the senior management of the Company, the Chairman is committed to ensuring that all the Directors are properly briefed on issues to be proposed at the Board meetings and provided with adequate and reliable information in a timely manner. The Chairman at least annually holds one meeting with the INEDs without the presence of other Directors to promote the effective contribution of the INEDs in particular and ensure constructive relations between the executive and independent non-executive Directors.

The CEO, Dr. Zhu Huanqiang, is responsible for the development, operations and management of different business segments of the Group.

## COMPANY SECRETARY

The Company has appointed Mr. Chan Kwok Kee, Andy as the Company Secretary and authorised representative of the Company, and Mr. Chan is responsible for all the secretarial services. Mr. Chan confirmed that he took not less than 15 hours of relevant professional training for the 2025 Financial Year.

## MANAGEMENT FUNCTION

The Articles of Association set out matters which are specifically reserved to the Board for its decision. In principal, the executive Directors constantly meet and participate in management meetings of the Company on a regular basis to keep abreast of the latest operations and performance of the Group and to monitor and ensure that the management of the Company carries out the directions and strategies set by the Board correctly and appropriately.

## DIVERSITY POLICY AND MEASURES

The Company is committed to ensure an appropriate balance in the diversity of skills, experience and perspectives, and angles of the Board members so as to support the execution of business strategies and efficient operation of the Board. The Company has formulated a director nomination policy. The Nomination Committee is responsible for identifying candidates suitably qualified to become members of the Board and it may select candidates nominated for directorship. When formulating a recommendation to the Board for appointment of a Director (including an INED), the Nomination Committee shall consider various criteria in evaluating and selecting candidates for directorships, including, among others, (i) character, integrity and reputation, (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Group's business and corporate strategy, (iii) willingness to devote adequate time to discharge duties as a member of the Board and other directorships and significant commitments, (iv) the number of existing directorships and other commitments that may demand the attention of the candidates, (v) the requirement for the Board to have INEDs in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the requirements under the Listing Rules, (vi) the board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board, which including but not limited to gender, age, culture and education background, ethnicity, professional experience, skills, knowledge and terms of service, and (vii) such other perspective appropriate to the Group's business.

The Board considers that the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The Board and the Nomination Committee will review the Board composition from time to time taking into account specific needs for the Group's business. The Company is committed to improving the diversity of the Board based on its needs and as and when suitable candidates are identified. The Board introduced one female member on 2 October 2024, the Nomination Committee also introduced one female member on 26 March 2025. Going forward, the Company will strive to achieve gender balance of the Board in the long run through certain measures to be implemented by the Nomination Committee in accordance with the board diversity policy and nomination policy (including further increasing the proportion of female directors when appropriate). To further ensure gender diversity of the Board, the Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become members of the Board, which will be reviewed by the Nomination Committee periodically in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

For the 2025 Financial Year, the Company also adopted a workforce diversity policy which recognises diversity as a core value embraced by the Group. The Group will from time to time provide trainings to its employees on diversity and inclusion-related topics and review the policy from time to time. As at 31 December 2025, female members accounted for approximately 27.2% of all employees (including senior management) of the Group. Based on the principle of talent orientation and in accordance with the business mode and specific up-to-date needs of the Group, and taking full account of the benefits of employee gender diversity, the Company reviews the gender ratio from time to time to achieve the good balance in employee gender diversity.

## ACCOUNTABILITY AND AUDIT

### Financial reporting

The Board acknowledges its responsibility for preparing the Group's consolidated financial statements for the 2025 Financial Year which give a true and fair view of the financial position of the Group and in accordance with the statutory requirements and applicable accounting standards. The Company's annual report is prepared and published in accordance with the Listing Rules and the Hong Kong Financial Reporting Standards in a timely manner. The Directors are provided with adequate information to enable them to make an informed assessment of financial and other information on matters for their approval.

The statement prepared by the Auditor regarding its reporting responsibility to the Shareholders on the financial statements of the Group is set out in the section headed "Independent Auditor's Report" of this annual report.

### Risk management and internal control

The Group has established a risk management and internal control framework, which consists of the Board, the Audit Committee, the Risk Management Committee and the senior management of the Company. The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and overseeing the management of the Group in design, implementation and monitoring of the risk management and internal control systems.

The main features of the Group's risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate risk management of the Group's business operations. The Board has from time to time reviewed the effectiveness of the risk management and internal control systems in order to ensure that they meet with the dynamic and ever-changing business environment. The Board reviews the risk management and internal control systems for the financial year concerned at least once a year. However, the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has formulated and adopted risk management policy in providing direction in effectively identifying, evaluating and managing significant risks. The management of the Group at least once a year identifies risks that would adversely affect the achievement of the Group's business objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans are established and risk responsible persons are appointed for those significant risks.

The Group has set up an internal audit function to assist the Board, the Audit Committee and the Risk Management Committee to monitor the Group's risk management and internal control systems continuously, identify the deficiencies in the design and implementation of internal controls and propose recommendations for improvement. Significant internal control deficiencies will be reported to the Audit Committee and the Board on a timely basis to ensure that prompt remediation actions are taken.

The Board had, through the Audit Committee and Risk Management Committee, performed annual review on the effectiveness of the Group's risk management and internal control systems for the 2025 Financial Year, covering all material controls such as financial, operational and compliance controls, including but not limited to the changes in the nature and extent of significant risks (including ESG risks), the Group's ability to respond to changes in its business and the external environment, the scope and quality of the ongoing monitoring of risks (including ESG risks) and the internal control systems by the Group's management, the extent and frequency of communication of monitoring results to the Board, significant control failings or weaknesses identified during the period and their impacts, and the effectiveness of the Group's processes for financial reporting and Listing Rules compliance. When the Board performed annual review, it also ensured the adequacy of the resources, staff qualifications and experiences, training programmes and budget of the Group's accounting, internal audit, financial reporting function as well as those relating to the Group's ESG performance and reporting. The Board considers that the Group's existing risk management and internal control systems are effective and adequate.

### Directors' Responsibility Statement

The Board acknowledges its responsibility to ensure that sound and effective risk management and internal control systems are maintained so as to safeguard the Group's assets and the interest of the Shareholders. The Board is responsible for reviewing the effectiveness of risk management and internal control policies and has delegated the day-to-day management of operational risks to the executive Directors. The Board's annual review would ensure that management has implemented appropriate measures to resolve material internal control defects and reports the general situation of risk management and internal control of the Company to the Board.

The Directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Group's annual results and interim results are announced on a timely basis.

### Procedures and internal controls for the handling and dissemination of inside information

Complying with the requirements of the SFO and the Listing Rules, the Company discloses the information to the public as soon as reasonably practicable after any inside information has come to its knowledge unless the information falls within any of the "Safe Harbours" as provided in the SFO. Before the information is fully disclosed to the public, the Company will ensure that the information is kept strictly confidential. If the Company believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Company would immediately disclose the information to the public. The Company is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact, in view of presenting information in a clear and balanced manner, which requires equal disclosure of both positive and negative facts.

## SHAREHOLDERS' RIGHTS

### Procedures for convening EGMs and putting forward proposals at general meetings

Pursuant to Article 58 of the Articles of Association, any 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 carrying the right of voting at general meetings of the Company (the "Requisitionist(s)") shall at all times have the right, by written requisition (the "Requisition") to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in the Requisition. The Requisition shall be lodged with the Company's principal place of business in Hong Kong at Unit 913C, 9/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong. The EGM shall be held within two months after the deposit of the Requisition. If the Board fails to proceed to convene the EGM within 21 days after the deposit of the Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

### Procedures for Shareholders to raise enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. In respect of other enquiries, Shareholders may put forward enquiries to the Board through the Company's principal place of business in Hong Kong at Unit 913C, 9/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong for handling.

## COMMUNICATION WITH SHAREHOLDERS

### Effective communication

The Board recognises the importance of continuing communications with the Shareholders and strives to ensure the timeliness, completeness and accuracy of information disclosure to the Shareholders and to protect the interests of the Shareholders. As a channel to further promote effective communication, the Company has established a website at [www.cfcg.com.hk](http://www.cfcg.com.hk), allowing the Shareholders to access updates on the Company's particulars where the Company's announcements, corporate communications, financial information and other information are posted.

The Board maintains an on-going dialogue with the Shareholders through general meetings of the Company to communicate with the Shareholders. All the Directors (including the Chairman) would attend the general meetings to answer relevant questions from the Shareholders. Separate resolutions are proposed at general meetings on each substantially separate issue. A Shareholder is permitted to appoint any number of proxies to attend and vote in his stead. In accordance with Article 59(1) of the Articles of Association, (i) the notice of AGM would be sent to all the Shareholders not less than 21 clear days and not less than 20 clear business days before the meeting, (ii) the notice of any EGM at which the passing of a special resolution is to be considered would be sent to all the Shareholders not less than 21 clear days and not less than 10 clear business days before the meeting, and (iii) the notice of all other EGMs would be sent to all the Shareholders not less than 14 clear days and not less than 10 clear business days before the meeting.

Other than the communication provided above, when necessary and appropriate, the Company would arrange for the management to meet with Shareholders and stakeholders who wish to seek a better understanding on the Group's business operations. Through the engagement in such meetings, the management is able to solicit and understand their views and feedback which should provide valuable information to the Board.

The Board reviewed the Group's shareholders and investors engagement and communication activities conducted in the 2025 Financial Year and was satisfied with the implementation and effectiveness of the shareholders communication policy.

### Voting by poll

Unless otherwise required by the Listing Rules, all resolutions put forward at general meetings will be voted by way of poll pursuant to the Listing Rules. The results of the poll, if any, are published on the websites of the Stock Exchange and the Company.

## ASSESSMENT OF UNCERTAINTIES RELATING TO GOING CONCERN

### Multiple Uncertainties Relating to Going Concern

For the 2025 Financial Year, the Group reported a loss attributable to owners of the Company of approximately RMB342 million. As at 31 December 2025, the Group had accumulated losses and deficit in equity of approximately RMB2,352 million and approximately RMB2,117 million, respectively and the Group's current liabilities exceeded its current assets by approximately RMB2,620 million. As at the same date, the Group had total borrowings and convertible bonds of approximately RMB3,595 million, of which approximately RMB3,421 million were classified as current liabilities due within one year, while its bank balances and cash amounted to approximately RMB293 million only. In addition, as at 31 December 2025, the total outstanding principals and accrued interests of borrowings and convertible bonds amounted to approximately RMB2,094 million were in default and were classified as current liabilities. A winding-up petition ("**Petition**") against the Company by a creditor with the High Court was allowed on 8 April 2025. The High Court decided that the hearing of the Petition be adjourned to 20 April 2026.

These conditions, together with other matters described in Note 2.1.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

### The Auditor's Opinion

The Auditor does not express an opinion on the consolidated financial statements of the Group for the 2025 Financial Year (the "**Disclaimer of Opinion**"). Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of the Independent Auditor's Report, the Auditor has 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 the Auditor's opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. For further information, please refer to the section headed "Independent Auditor's Report" of this annual report.

The Auditor is of the preliminary view that if the plans and measures as described in the section headed "The Company's Position, View and Assessment on the Disclaimer of Opinion" below are fully, properly and effectively implemented in 2026 and if the Company could provide sufficient audit evidence to the Auditor to support that there will be sufficient working capital for the Group in the next twelve months from 31 December 2026, the Disclaimer of Opinion would be removed for the year ending 31 December 2026, given that there is no adverse change of the financial position, operations and investments of the Group.

### The Company's Position, View and Assessment on the Disclaimer of Opinion

The Board noted that the consolidated financial statements of the Group for the 2025 Financial Year was qualified on the basis for Disclaimer of Opinion essentially due to concern of the Auditor on the going concern of the Group due to multiple uncertainties, which are based on factual description in nature.

The Disclaimer of Opinion has no actual impact on the financial position of the Company. However, should the Group fail to achieve the plans and measures as stated below, the Group may 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 assets of the Group 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.

In view of such circumstances, the Directors 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. Certain 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 Company has appointed a restructuring advisor and a legal advisor to assist in formulating a restructuring plan and executing the Company's restructuring exercise. The Company continues to proactively communicate and work with its creditors on its restructuring plan. On 2 January 2026, the Company entered into a restructuring support agreement (the "**Restructuring Support Agreement**") with the initial participating creditors intending to implement the proposed restructuring by way of a scheme of arrangement (the "**Scheme**") under the laws of Hong Kong (the "**Proposed Restructuring**"). As at the Latest Practicable Date, the Directors are confident that the High Court will allow the Company to convene the Scheme meeting and the Scheme will be approved by the eligible creditors of the Company for participating the debt restructuring plan. It is expected that the Proposed Restructuring will be materialised in the second half of 2026 when the majority of creditors support the Proposed Restructuring;
- (ii) the Group has been actively negotiating with lenders for the renewal and/or extension of bank and other borrowings which are overdue or will be due for repayment within twelve months from the date of statement of financial position. It is expected that bank borrowings of the Group's automotive parts business which will be due for repayment within twelve months from 31 December 2025 will be renewed or replaced by new financing upon maturity, and borrowings of the Company will be settled by way of the Proposed Restructuring;
- (iii) the Group continues to develop and operate the automotive parts, education management and consultation, and financial services businesses segments such that they can bring operating cash inflows to the Group. It is expected that the Group's business operations will develop steadily on the existing basis, with revenue and expenses maintaining the current level;
- (iv) the Group has been actively exploring and negotiating with potential investors to introduce business opportunities with strong profitability and good development prospects to improve its cash flow position. It is expected that the Group may obtain new business opportunities from new investors after the materialisation of the Proposed Restructuring;
- (v) the Group has been actively seeking new sources of financing to enhance the financial position and support the operations of the Group. It is expected that the Group may obtain additional sources of financing as and when needed; and
- (vi) the Group has been actively looking for potential buyers for its non-core assets, including those as collateral to the secured debts, so as to improve its liquidity and settle the secured debts, if necessary. It is expected that the Company may formulate an assets disposal plan in the second quarter of 2026 and implement the plan in the second half of 2026.

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2025. The key assumptions adopted in the preparation of the projections include (i) there will be no major changes in the external macro-economic environment, industry policies and market structure, (ii) the Group's plans and measures to alleviate liquidity pressure and improve its financial position will proceed substantially as planned, (iii) the Group's business operations will develop steadily on the existing basis, with revenue and expenses maintaining the current level, (iv) approximately RMB19.8 million of the financial assets of listed equity securities held by the Group will be disposed of at a price equivalent to their fair value on 31 December 2025, (v) approximately RMB1,049.6 million of bank borrowings of the Group's automotive parts business which will be due for repayment within twelve months from 31 December 2025 will be renewed or replaced by new financing upon maturity, (vi) the Proposed Restructuring will be approved by the requisite majority of creditors and successfully implemented, approximately RMB2,203.2 million of convertible bonds and borrowings of the Company will be settled accordingly, and (vii) based on prudent considerations, no cash inflows from new investors, new sources of financing and assets disposal other than financial assets of listed equity securities held by the Group.

The Directors have discussed with the management of the Company, among others, (i) the Group's cash flow projections, (ii) the key assumptions, methodologies and calculations of the projections, (iii) the operating performance and cash flows of the Group, (iv) the liquidity and financial position of the Group, (v) the details of the Group's borrowings, and (vi) the Proposed Restructuring. They are of the opinion that, taking into account the above-mentioned plans and measures, the projections are prepared on a rational basis and 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 of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfillment of the following plans: (i) obtaining the approval by the High Court to convene the Scheme meeting and approval by the creditors of the Company to execute the restructuring exercise, (ii) obtaining the renewal and/or extension of bank and other borrowings which are overdue or due for repayment within twelve months from the date of statement of financial position, (iii) generating adequate operating cash inflows from its existing automotive parts, education management and consultation, and financial services businesses, (iv) securing injections of cash generating business from new investors, (v) obtaining new sources of financing as and when needed, and (vi) divesting of the Group's non-core assets within the expected timeframe.

As significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above, the Auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements of the Group. The Directors have considered the matters considered by the Auditor and understood its reasons, basis and consideration in arriving at the Disclaimer of Opinion.

The Board is of the view that the Disclaimer of Opinion may be removed if the above-mentioned plans and measures are implemented properly and effectively for the year ending 31 December 2026, and provided that the Company could provide sufficient audit evidence to the Auditor to support that there will be sufficient working capital for the Group in the next twelve months from 31 December 2026 and that there is no adverse change of the financial position, operations and investments of the Group..

The Group has taken the following steps mirroring the proposed action plan set out in the annual report of the Company for the 2024 Financial Year (the “**2024 Annual Report**”):

- (i) as envisioned in the 2024 Annual Report, the Company planned to negotiate with the holders of convertible bonds for the extension of the repayment date and/or introduction of debt capitalisation plans. For the 2025 Financial Year, the Company formulated a preliminary restructuring plan for convertible bonds based on the preliminary debt restructuring plan with the assistance of the restructuring advisor. The Company has also been negotiating with Champion Sense on the preliminary restructuring plan, has arranged meetings among Champion Sense, the potential investors, the restructuring advisor and the Company, and has facilitated on-site inspections of projects of potential investors;
- (ii) as envisioned in the 2024 Annual Report, the Company planned to negotiate with lenders of borrowings which are overdue or due for repayment within twelve months from the date of statement of financial position for a renewal, extension of the repayment date and/or introduction of debt capitalisation plans. For the 2025 Financial Year, the Group’s borrowings of approximately RMB749.2 million have been renewed or replaced by new financing upon maturity. The Company also had dozens of communications with major creditors (including Champion Sense), potential investors, the Board (including the INEDs), the restructuring advisor, the legal advisor and the Auditor. Based on the said communications, the Company has further adjusted and optimised the restructuring plan and drafted the restructuring support agreement;
- (iii) as envisioned in the 2024 Annual Report, the Group planned to secure capital injection from new investors. For the 2025 Financial Year, the Company has negotiated with four potential investors to introduce new capital and business opportunities with stable profitability and development prospects. This includes discussions regarding the Group’s assets, liabilities, business and operations, the preliminary debt restructuring plan, the potential investors and their projects, and the potential investors’ participation in the Company’s restructuring;
- (iv) as envisioned in the 2024 Annual Report, the Group planned to obtain additional sources of financing as and when needed. For the 2025 Financial Year, the Group has obtained approximately RMB312.3 million of new financing, part of which was used to replace the existing borrowings upon maturity;
- (v) as envisioned in the 2024 Annual Report, the Group planned to divest its non-core and non-operating assets within the expected timeframe. For the 2025 Financial Year, the Group has engaged a consultant to identify potential buyers for certain investments in which the Group holds non-controlling interests. The consultant has, on behalf of the Group, negotiated with five potential buyers. Relevant discussions include the assets, liabilities, business and operations of the investments, the background of the potential buyers, and the due diligence on the investments; and
- (vi) as envisioned in the 2024 Annual Report, the Group planned to enhance its operational efficiency and implement cost control measures to generate sufficient cash inflow. For the 2025 Financial Year, the Group has been managing its operations from time to time to improve operational efficiency and reduce costs. The Group has optimised job positions and personnel structure by merging or eliminating several positions and outsourcing some tasks to third parties instead of full-time employees, and it has relocated its offices to more cost-effective office space in Hong Kong and Shenzhen in April 2025.

The Board is of the view that, notwithstanding the Disclaimer of Opinion in place, the said action plan appears to be effective. Although (i) the Group managed to renew and extend existing borrowings or repay some previous borrowings through cash flows from operating and new financing, the balance of indebtedness of the Group as at 31 December 2025 remains on the higher end of the spectrum, (ii) the Company has been proactively communicated and worked with its creditors, including Champion Sense, on the Proposed Restructuring, no agreement related Proposed Restructuring was signed and/or materialised as at 31 December 2025. The above circumstances, together with other matters, led to the Disclaimer of Opinion.

### The Audit Committee's View on the Disclaimer of Opinion

The Audit Committee has reviewed the Auditor's report (including the basis for Disclaimer of Opinion), the consolidated financial statements of the Group, the position, view and assessment of the Company on the Disclaimer of Opinion, and plans and measures taken by the Company for addressing the basis for Disclaimer of Opinion. The Audit Committee held meetings with the Auditor and discussed, among others, (i) the Disclaimer of Opinion, (ii) the Auditor's reasons, basis and consideration in arriving at the Disclaimer of Opinion, (iii) the financial position of the Group, and (iv) the plans and measures taken by the Company for addressing the basis for Disclaimer of Opinion. The Audit Committee also held meetings with the management of the Company (including the executive Directors) and discussed, among others, (i) the Disclaimer of Opinion, (ii) the basis for the Disclaimer of Opinion, (iii) the Company's position, view and assessment on the Disclaimer of Opinion, (iv) the financial position of Group and the Group's cash flow projections, and (v) the plans and measures taken by the Company for addressing the basis for Disclaimer of Opinion.

Based on the work done by the Audit Committee as mentioned above and after having considered (i) the adequacy and feasibility of the Company's action plan to mitigate the liquidity pressure and improve the financial position so as to address the basis for Disclaimer of Opinion, (ii) the effects and interim results of the action plan implemented by the Company for the previous financial years, (iii) the Proposed Restructuring, (iv) the Company's communications with certain creditors (including Champion Sense) on the Proposed Restructuring and their indications of participation in the debt restructuring exercise, and (v) the Disclaimer of Opinion, which is due to going concern, could be mitigated by its nature, the Audit Committee agreed with the position of the Company. Moreover, the Audit Committee requested the Company to take all necessary actions to address the effect on the basis for Disclaimer of Opinion to procure no such disclaimer of opinion would be made in the future.

# Environmental, Social and Governance Report

The ESG Report provides information about the Group's work on ESG in the 2025 Financial Year, which mainly covers environmental and social issues that its stakeholders are concerned about and are related to the Group's sustainable development, to allow all stakeholders to better understand the Group's philosophy, relevant measures and performance, etc., in relation to sustainable development. The Group looks forward to providing objective and reliable non-financial information to stakeholders in the form of annual reporting, to promote stakeholders' understanding and participation in the Group's sustainable development. In order to gain a comprehensive understanding of the Group's relevant performance, the ESG Report shall be read in conjunction with this annual report (in particular the Corporate Governance Report contained therein).

## REPORTING SCOPE

The ESG Report covers the Group's financial services business in Hong Kong, education management and consultation business in China, and automotive parts business in China. The information and data are disclosed for the 2025 Financial Year, i.e. from 1 January 2025 to 31 December 2025.

## BASIS OF REPORT PREPARATION

The ESG Report was prepared in accordance with the ESG Reporting Code. The Group discloses its management policies, strategies and targets on various environmental and social aspects in different sections of the ESG Report. The ESG Report was also prepared in accordance with the "comply or explain" provisions and reporting principles as set out in the ESG Reporting Code, which include:

**Materiality:** In view of the fact that there have been no material changes in business operations and reporting scope of the Group, the ESG Executive Committee re-examined and updated the Group's sustainability issues pool with consideration given to the Group's business development direction and the materiality assessment results of previous years by stakeholders, while taking reference to the focus areas of companies in the same industry as well as international reporting guidelines. Subsequent to the Board's confirmation of the material issues for the 2025 Financial Year, the disclosure focus of the ESG Report was then formed to respond to stakeholders' concerns in a detailed manner.

**Quantitative:** All business segments under the Group have in place a customised data collection tool, continuously recording and monitoring environmental and social performance indicators that are relevant to their business, and setting quantifiable targets or directional and forward-looking statements with respect to some of the indicators with description of their purposes and impact, and the benefits of the ESG policies and management systems can be assessed and verified. Unless otherwise specified, the ESG Report provides the data on environmental and social performance indicators for the three years ended 31 December 2025 to present annual performance changes and lay a foundation for the Group to set environmental and social performance targets in the future.

**Balance:** The ESG Report discloses the challenges faced and efforts put forth by the Group in its sustainable development, reflecting the Group's state of operation objectively.

**Consistency:** Unless otherwise specified, data calculation methods and disclosure formats that are consistent with the past were used in the ESG Report to ensure comparability.

## SOURCE OF INFORMATION

The Group regularly collects information from all business segments through its internal mechanism. Information cited in the ESG Report is mainly sourced from the Group's statistics and official documents. The Board monitors the content of the ESG Report to ensure that it does not contain any false representations, misleading statements or material omissions.

## APPROVAL AND ENDORSEMENT

The ESG Report was confirmed by the ESG Executive Committee and was approved by the Board.

## ACCESS TO THE REPORT

The electronic version of the ESG Report can be downloaded from the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cfcg.com.hk](http://www.cfcg.com.hk).

## FEEDBACK OF STAKEHOLDERS

The Group strives for excellence. If you have any comments or suggestions on the work reported or ESG performance of the Group, you are welcome to share your valuable comments with us via email at [ir@cfcg.com.hk](mailto:ir@cfcg.com.hk).

## 1. BOARD STATEMENT

The Board is the top decision-making body of the Group for ESG management and is ultimately accountable for the Group's ESG management policies, strategies and reporting. The Risk Management Committee is responsible for deciding the risk level and risk tolerance of the Group, reviewing the Group's risk management and internal control systems, ESG policies and guidelines, to ensure the effective implementation of the risk management, internal control systems and ESG work. The Risk Management Committee also regularly reports to the Board on material ESG matters.

The ESG executive committee is responsible for managing ESG-related matters. The ESG working groups/functional departments of each business segment of the Group regularly collect information on ESG and submit it to the ESG Executive Committee. The ESG Executive Committee comprises senior management such as the executive Directors, Chief Financial Officer and Deputy Chief Executive Officer. The Company's brand development department takes the lead, together with the responsible persons of the relevant departments under different business segments of the Group, to assist each business segment in promoting ESG-related policies, conducting materiality assessments, preparing ESG reports in the course of its operations, and report to the Board and the Risk Management Committee from time to time on potential ESG risks and opportunities that the Group may come across.

Based on the external economic and social macro environment and the Group's business development strategy, the Group conducts an annual materiality assessment of ESG issues, and ranks and manages important ESG-related issues (including the risks to the Group's business) through the process of analysis, assessment, confirmation and evaluation to discuss and identify ESG risks and opportunities for the Group. The Board and the Risk Management Committee review and confirm the results of materiality assessment, consider the management and improvement of key issues as its annual priorities, and supervise the management and performance of such issues.

Through a top-down and inside-out approach, the Group aims to have its management, employees and other stakeholders uphold the Group's ESG development philosophy and incorporate environmental and social responsibilities into their daily work and lives. The Board regards creating long-term value for stakeholders as an imperative goal, promotes each business segment to formulate policies, measures and quantifiable goals or directional and forward-looking statements on ESG materiality issues based on their own business characteristics and development strategies, and regularly reviews the progress in achieving goals at Board meetings.

The Group recognises that setting scientific and reasonable ESG goals based on actual circumstances is closely related to the sustainable development of the Group's business. Continuous enhancement of environmental and social performance is the development trend of the era, which is also in line with "carbon peak and carbon neutralization" development strategy of China. In the long run, these are beneficial to the Group's business development to further reduce costs and improve efficiency, deliver higher overall efficiency and assume greater social responsibility.

The Group will disclose in detail the Group's governance of ESG matters, ESG management policies and strategies, ESG-related goals and progress review, and the progress and effectiveness of key issues through its annual report.

## 2. CORPORATE GOVERNANCE

### 2.1 ESG Governance Structure

The Board is the top decision-making body of the Group for ESG management, and is ultimately accountable for the Group's ESG management policies, strategies and reporting. The Risk Management Committee is responsible for deciding the risk level and risk tolerance of the Group, reviewing the Group's risk management and internal control systems, ESG policies and guidelines, to ensure the effective implementation of the risk management, internal control systems and ESG work. The Risk Management Committee also regularly reports to the Board on material ESG matters.

The Group has established an ESG Executive Committee, which is attended by senior management such as the executive Directors, Chief Financial Officer and Deputy Chief Executive Officer, led by the Company's brand development department, and is composed of the responsible persons of the relevant departments under different business segments of the Group, to strengthen the management of sustainability-related matters. The functional departments of each business segment of the Group regularly collect information on ESG and submit it to the ESG Executive Committee. By closely monitoring the Group's ESG performance, the ESG Executive Committee is able to review progress against ESG-related targets, and makes targeted improvements through management optimisation, industrial technology modification and improved cost efficiency ratios, etc. The ESG Executive Committee takes the lead in promoting ESG-related policies, conducting materiality assessments and preparing ESG reports for each business segment in the course of its operations, and reports to the Board and the Risk Management Committee from time to time on potential ESG risks and opportunities that the Group may come across, to assist the Board in assessing, prioritising and managing key ESG-related matters. The ESG Executive Committee also regularly reviews the Group's sustainable development strategy and reports thereon to the Board and the Risk Management Committee, to meet the ever-changing expectations and demands of the stakeholders.

## 2.2 Sustainable Development Philosophy

The Group actively performs its environmental and social responsibilities and develops sustainable development strategies to continuously reduce the adverse impacts of its business operations on the environment and society and further create sustainable development values for its stakeholders. The Group integrates the concept of sustainable development into all of its business segments and continues to promote sustainable development. Through a top-down and inside-out approach, the Group aims to have its management, employees and other stakeholders adhere to the Group's sustainable development philosophy thoroughly, and incorporate environmental and social responsibilities into their daily work and lives. The Board is fully aware of the importance of sustainable development to the long-term development of the Group, and treats creating long-term value for stakeholders as an imperative goal.

To implement the Group's sustainable development philosophy and to create long-term value for its stakeholders, we are committed to:

- operating the Group's businesses with good ethical practices and in full compliance with applicable laws and regulations;
- integrating environmental education into the Group and encouraging stakeholders to contribute to environmental protection to reduce environmental impact;
- protecting the safety and health of the Group's employees, customers and students; and
- continuing to provide diversified, characterised and professionalised services for customers to support their development.

## 2.3 ESG Goal Management

The Group's ESG goals mainly refer to the ESG Reporting Guide requirements, as well as international standards such as the Global Reporting Initiative (GRI) and the International Sustainability Standards Board (ISSB), combine the Group's business development characteristics to establish own ESG indicator system and management system. Follow the "planning-implementation-check-action" (PDCA) optimization framework, the Group regularly reviews the progress in achieving goals and makes adjustments based on industry development, achieving coordinated improvements of ESG indicator system and management system during the business development process. ESG indicators are used to measure the qualitative and quantitative issues arising from the Group's ESG actions, helping the Group to establish a clearer structure and goals in ESG implementation and reporting process, so that the Group's ESG actions over the years can be compared to a certain extent. The Group is fully aware that ESG development trend has put forward new requirements for corporate operations, and is also fully aware of ESG challenges and opportunities in operating environment. Therefore, establishing a more environmentally adaptable governance mechanism and strategic goals is very important to effectively improve ESG performance.

## 2.4 Robust Operation

The Group aims for robust operation and adheres to compliant and safe operation. On one hand, all business segments strictly comply with laws, regulations and industry regulatory requirements that have a significant impact on the Group's operations. Relevant departments regularly review the updates on current laws and regulations and change the Group's policies accordingly to ensure that the internal control systems of the Group align with pertinent requirements, while providing compliance training to employees. On the other hand, in response to the changing operational environment, all the Group's business segments kept optimising their organisational and staffing structures according to their respective business attributes and characteristics. Efforts were also made to focus on business positioning and core business resources, integrate and explore development opportunities, and boost our competitiveness against the uncertainties of the external environment.

### Intellectual Property Rights and Information Protection

In order to protect intellectual property rights, prevent infringement and ensure the confidentiality of business information, the Group formulates measures and processes for intellectual property management, such as stipulating that the names of our new companies or products shall undergo trademark screening or patent registration, complying with regulations on intellectual property rights and filing trademark or patent applications timely. Feedback on such applications shall be followed up on an on-going basis, with relevant documents filed by respective business segments. The Group has formulated the Marketing Materials Guidelines, which, in addition to stipulating that all marketing materials must meet regulatory requirements, stipulates that certain materials that may be subject to copyright or license restrictions must obtain permission and pay a fee before copying, distributing or using.

The automotive parts business of the Group formulates the information security management system, which identifies the departments related to trade secrets such as the R&D centre and archive rooms as confidential areas where no unrelated personnel is allowed to enter casually. Meanwhile, the Group enters into confidentiality contracts or terms of confidentiality with employees and customers in employment contracts and commercial contracts, respectively. Each of our financial service business segments has a separate office area with separate access cards and strict access control.

The financial service business of the Group also has a Business Contingency Plan, where contingency measures were established for our securities trading business. Due to the instability of the electronic trading platform, responsible personnel of relevant departments will initiate a direct connection to the temporary trading platform of the Stock Exchange in the event of any interruption of or disturbance to the online trading platform, and at the same time the information technology department will be notified to follow up and carry out emergency remedial works. Concurrently, all customers will be informed of the disruption of the trading system by text message or email. The information technology department will subsequently verify the cause of the system disruption with the software vendor and develop a precautionary plan to avoid the recurrence of the same type of incident.

### Customers' Privacy

The Group attaches great importance to the protection of customers' privacy, and has formulated the Measures for the Management of Customer Privacy Protection. The Group is highly concerned about the collection and handling of customers' personal data and has established the Personal Information Collection Statement, to ensure that customers' information is used in a proper manner. The Group employs an encrypted user management system to regulate the access to the personal data collected, to which only authorised employees are granted access.

## 2.5 Anti-corruption Policy and Integrity Management

The Group attaches great importance to employees' integrity and is committed to maintaining high ethical standards in its business operations and taking a zero-tolerance approach to any form of corruption and bribery. In the 2025 Financial Year, the Group was not aware of any confirmed cases or public legal proceedings relating to corruption that involved the Group or its employees, or any non-compliance with the laws and regulations on preventing bribery, extortion, fraud and money laundering that had a significant impact on its operations.

The Group firmly believes that honesty, integrity and equity are the fundamental values of doing business, and is committed to operating through best practices and with ethical standards upheld. The Group strictly complies with laws and regulations that have a material impact on the Group's operations in relation to anti-corruption, reviews and updates anti-corruption policies on an annual basis, improves relevant systems according to the industry practices of each business, and puts the concept of business integrity into practice to build a clean and honest working atmosphere. The Group attaches great importance to the promotion and education of anti-corruption policies, and formulated the *Anti-corruption and Anti-bribery System*, the *Corruption and Bribery Whistleblowing System*, which are reviewed annually. In order to bolster the Group's anti-corruption management, the Group provided employees and Directors with training on integrity and conduct.

To ensure that all employees of the Group are financially sound, competent, honest, reputable and reliable in order to allow customers to use the Group's financial services with confidence, employees of the Group are required to make a self-declaration on their background information in areas such as honesty, capability and financial soundness. The Group formulated the *Conflicts of Interest Policy* for the identification and management of conflicts of interest, requiring employees to avoid any forms of conflicts of interest and proactively report those that have occurred, demanding employees to uphold integrity at all times.

The Group formulated the *Anti-Money Laundering and Counter-Financing of Terrorism Policy and Procedures*. Prior to providing services to customers, we systematically conduct the Know Your Customer (KYC) due diligence and complete the *Risk Profiling Questionnaire*. This allows the Group to understand customers' knowledge and experience on investment products, current financial position and investment objectives and expectations. This could help the Group to have a clear understanding of the actual risk tolerance of customers. It also provides our customers with a full picture of the products and their associated risks and expected results. Meanwhile, this policy is also conducive to preventing and discerning any forms of bribery, extortion, fraud and money laundering led by customers or employees, to avoid any illicit financial flows used for financing terrorism activities through the Group. We will report to relevant authorities for any suspicious transaction.

To strengthen employees' integrity and self-discipline and establish sound production and operation order in the Group's automotive parts business, a Supervision and Audit Committee has been established to review various expenses and disbursements. Employees are required to sign the *Code of Integrity Commitment*, which strictly prohibits soliciting bribes from any suppliers or seeking personal gains in the course of business by abusing one's official position.

For the systematic prevention and control of fraud, Edukeys Group has formulated the *Anti-Fraud and Whistleblowing Policy* and conducted relevant training. Meanwhile, Edukeys Group has set up whistleblower boxes and a hotline to encourage employees to report any suspected fraud cases. Edukeys Group will handle such reports prudently and conduct proper investigations in accordance with the whistleblower handling procedures to ensure that whistleblowers are protected when assisting with investigations.

### 3. STAKEHOLDER ENGAGEMENT

#### 3.1 Regular Communication

Stakeholder engagement is an indispensable process to the Group's promotion of sustainable development. The Group maintains good communication with stakeholders through diversified communication channels to fully understand their views and expectations, allowing the Group to take full account of stakeholders' major concerns when operational decisions are made. This is also conducive to the Group's formulation of the appropriate sustainable development policy as well as its fulfillment of corporate social responsibilities. The key stakeholders of the Group are organisations and individuals who are affected by the Group's operations or that may affect the operations of the Group, including the Shareholders, government and regulatory bodies, employees, students and parents, customers, suppliers, professional organisations and local communities. We communicate regularly with our stakeholders to foster reciprocity and mutual trust, to fully comprehend the focus of their concerns and to respond through different channels correspondingly.

Our primary channels of communication with stakeholders, frequencies and focuses of their concerns are as follows:

<b>Types of Stakeholders</b>	<b>Primary Communication Channels</b>	<b>Frequencies</b>	<b>Focuses of Stakeholders' Concerns</b>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Annual/interim report</li> <li>• Announcement/circular</li> <li>• Annual/extraordinary general meeting</li> <li>• Official website, email</li> </ul>	<ul style="list-style-type: none"> <li>• Half-yearly</li> <li>• Irregularly</li> <li>• Annually/irregularly</li> <li>• Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>• Investment return</li> <li>• Corporate governance</li> <li>• Robust operation</li> </ul>
<b>Government and Regulatory Bodies</b>	<ul style="list-style-type: none"> <li>• Annual/interim report</li> <li>• Announcement/circular</li> </ul>	<ul style="list-style-type: none"> <li>• Half-yearly</li> <li>• Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Robust operation</li> </ul>

Types of Stakeholders	Primary Communication Channels	Frequencies	Focuses of Stakeholders' Concerns
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee performance appraisal</li> <li>• Meeting and training</li> <li>• Email, WeChat, notice board</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Irregularly</li> <li>• Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>• Employee remuneration and benefits</li> <li>• Occupational health and safety</li> <li>• Employee development and training</li> </ul>
<b>Students and Parents</b>	<ul style="list-style-type: none"> <li>• Daily interaction</li> <li>• Parent-teacher conference</li> <li>• Student satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Every semester</li> <li>• Every semester</li> </ul>	<ul style="list-style-type: none"> <li>• Teaching quality</li> <li>• Teachers' moral conduct</li> <li>• Student's health and safety</li> <li>• Further education and study abroad</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey</li> <li>• Interview and site visit</li> <li>• Customer service hotline and email</li> </ul>	<ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>• Excellent products and services</li> <li>• Protection of customers' interests</li> <li>• Protection of customers' privacy</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Public tender</li> <li>• Satisfaction assessment of suppliers</li> <li>• Interview and site visit</li> <li>• Meeting with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Fairness and openness of procurement</li> <li>• Win-win cooperation</li> <li>• Environmentally friendly purchases</li> <li>• Credit periods</li> </ul>
<b>Professional Organisations</b>	<ul style="list-style-type: none"> <li>• Satisfaction assessment of professional organisations</li> <li>• Email, WeChat and interview</li> </ul>	<ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>• Win-win cooperation</li> <li>• Resources links</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Media conference</li> <li>• Charitable activity</li> <li>• Donation</li> <li>• Face to face interview</li> </ul>	<ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Irregularly</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement</li> <li>• Public welfare support</li> <li>• Awareness of environmental protection</li> <li>• Supporting community</li> </ul>

### 3.2 Materiality Assessment

The management of sustainable development is a dynamic process. We must continuously comprehend the ever-changing concerns and expectations of our stakeholders, and combine them with the Group's operational focus and our understanding of the external business environment. We regularly assess sustainability issues that are of paramount importance to our stakeholders and provide them with responses in a timely manner. In the meantime, the assessment is also conducive to the Group to understand its possible risks and opportunities in sustainable development.

In view of the fact that there have been no material changes in business operations and reporting scope of the Group, after the validation from the Group's management, on the basis of reviewing and updating this set of topics regarding sustainability, and in accordance with the operating priorities for the 2025 Financial Year, a total of 8 environmental issues and 12 social issues were considered to be of high importance, and were particularly elaborated on in the ESG Report.

The Group's materiality assessment process for the 2025 Financial Year is as follows:

#### **The First Step – Analysis**

The ESG Executive Committee re-examined and updated the Group's sustainability issues pool by taking into account the Group's business development direction in the 2025 Financial Year and the materiality issues of previous years, comparing and analysing the direction of concern of the same industry, and making reference to international guidelines for report writing. After review and update, the sustainability issues pool of the Group in the 2025 Financial Year comprises 12 environmental issues and 20 social issues.

The following table outlines the sustainability issues of the Group for the 2025 Financial Year:

### Environmental Issues

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- |  |   |
|--|---|
| 1. Air emissions and management        | 7. Use of new and renewable or clean energy               |
| 2. Wastewater discharge and management | 8. Environmental protection publicity and green operation |
| 3. Solid waste handling and management | 9. Management of environment and natural resources        |
| 4. Water usage and efficiency          | 10. Climate change  |
| 5. Energy usage and efficiency         | 11. Management and sorting of waste                       |
| 6. GHG emissions and management        | 12. Packing material use and upgrade                      |

### Social Issues

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- |   |  |
|---|--|
| 1. Employment policy                                    | 11. Employee development and training                              |
| 2. Labour standard                                      | 12. Diversity and equal opportunities                              |
| 3. Product responsibility                               | 13. Physical and mental health protection                          |
| 4. After-sales service                                  | 14. Human rights protection  |
| 5. New product development and technological innovation | 15. Operational risk control and management                        |
| 6. Supply chain management                              | 16. Control and management of teaching quality                     |
| 7. Dealer cooperation                                   | 17. Development of innovative curriculum and diversified education |
| 8. Customer service                                     | 18. Industry exchange and development                              |
| 9. Customer privacy protection                          | 19. Student character and competency development                   |
| 10. Anti-corruption and whistleblowing procedures       | 20. Community engagement and contribution                          |

### The Second Step – Assessment

Following the update of the sustainability issues pool, the ESG Executive Committee led a discussion with the Group's management and the responsible personnel of all business segments to examine and adjust the level of importance of each sustainability issue in the pool. A total of 8 environmental issues and 12 social issues were considered to be of high importance for the 2025 Financial Year.

### The Third Step – Confirmation

The ESG Executive Committee presented the materiality assessment results to the Board for review and confirmation of the issues of high importance for the 2025 Financial Year.

### The Fourth Step – Evaluation

The Group regularly communicates with stakeholders as a means to evaluate the issues of high importance and the impact they bring forth to ensure that the Group's sustainable development direction is in line with stakeholders' expectations.

The ESG Report elaborates in the subsequent sections on the work and progress made by the Group in the 2025 Financial Year regarding the 8 environmental issues and the 12 social issues that were considered highly important. We will strengthen our emphasis on managing the issues of high importance in our operations by formulating appropriate strategic policies, making policy improvements, and setting long-term goals as a continual process to respond to stakeholders' expectations, while reporting on the efforts we put forth on ESG.

The following table lists the issues of high importance to the Group for the 2025 Financial Year:

<b>Issues of high importance</b>	<b>Aspect</b>	<b>Corresponding sections in this ESG Report</b>	
1. Air emissions and management	Environment	6.1	Environmental Impact
2. Wastewater discharge and management	Environment	6.1	Environmental Impact
3. Solid waste handling and management	Environment	6.1	Environmental Impact
4. GHG emissions and management	Environment	6.1	Environmental Impact
5. Water usage and efficiency	Environment	6.2	Use of Resources
6. Energy usage and efficiency	Environment	6.2	Use of Resources
7. Climate change	Environment	6.3	Climate Change
8. Environmental protection publicity and green operation	Environment	6.4	Environmental Education
9. Labor standard	Environment	5.	People-oriented
10. Employment policy	Environment	5.	People-oriented

<b>Issues of high importance</b>	<b>Aspect</b>	<b>Corresponding sections in this ESG Report</b>
11. Supply chain management	Social	4. Excellent Products and Services
12. Product responsibility	Social	4. Excellent Products and Services
13. New product development and technological innovation	Social	4. Excellent Products and Services
14. Control and management of teaching quality	Social	4.2 Innovation in Education
15. Customer service	Social	4. Excellent Products and Services
16. Operational risk control and management	Social	2.4 Robust Operation
17. After-sales service	Social	4. Excellent Products and Services
18. Dealer cooperation	Social	4. Excellent Products and Services
19. Physical and mental health protection	Social	5.4 Health and Safety
20. Anti-corruption and whistleblowing procedure	Social	2.5 Anti-corruption Policy and Integrity Management

## 4. EXCELLENT PRODUCTS AND SERVICES

The Group endeavours to provide customers with excellent products and services (including but not limited to automotive shock absorbers that meet or exceed industry standards, compliant and professional financial services, and international education services), and strictly complies with laws and regulations that have a significant impact on the Group's operations in relation to health and safety, advertising, labelling and privacy matters, and methods of redress of its products and services. In the 2025 Financial Year, the Group was not aware of any violations of the laws and regulations that had a significant impact on the Group's operations relating to the health and safety, advertising, labelling and privacy matters, and methods of redress of the products and services provided by the Group.

### 4.1 Diversified Financial Services

The Group has established a sound financial services business system with diversified financial service licences, providing services such as listing sponsorship, underwriting and placement, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory and asset management. The Group strictly complies with the codes and guidelines related to the *Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission*, the SFO and *Anti-Money Laundering and Counter-Terrorist Financing Ordinance* (Chapter 615 of the Laws of Hong Kong).

The Group is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and has been admitted by the SFC as a sponsor under the SFO. As such, (i) in addition to dealing in securities and providing margin financing to customers, it is also engaged in underwriting and placing of shares for listing applicants and listed companies; (ii) it can provide portfolios (such as stocks, bonds, discretionary managed accounts, and funds) management, investment consultation and investment advisory services to its clients; and (iii) it can act as a sponsor for listing applicants in IPO, advise on matters in relation to the Codes on Takeovers and Mergers and Share Buy-backs formulated by the SFC, and advise listed companies in relation to the Listing Rules.

For the 2025 Financial Year, the Group acted as (i) the joint lead manager for the listing of Soft International Group Ltd (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2569); (ii) the joint bookrunner and the joint lead manager for the listing of Fibocom Wireless Inc. (whose shares are listed on the Main Board of the Stock Exchange, stock code: 0638); (iii) the joint bookrunner and the joint lead manager for the listing of Anhui Jinyan Kaolin New Materials Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2693); and (iv) the joint bookrunner and joint lead manager for the listing of Impression Dahongpao Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2695). The Group also acted as the joint bookrunner for the overseas bond issuances of China Great Wall Asset Management Co., Ltd., Weifang Ocean Investment Group Co., Ltd., Jiyuan Capital Operation Group Co., Ltd., Dujiangyan Urban and Rural Construction Group Co., Ltd., Yuncheng Development Investment Group Co., Ltd., Zoucheng City Capital Holdings Group Co., Ltd., Zibo Hightech State-owned Capital Investment Co., Ltd. and Jiaozuo State-owned Capital Operation (Holding) Group Co., Ltd..

The Group also serves as (i) the compliance adviser to Lesi Group Limited (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2540); (ii) the compliance adviser to Easou Technology Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2550); (iii) the financial adviser to Jiu Rong Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2358); and (iv) the joint sponsor for the new listing application of Henan Union Information Technology Co., Ltd..

## 4.2 INNOVATION IN EDUCATION

### Unique Education Model

The Group is the operator of the PGA (Project of Global Access) high school international programme and provides study abroad consultancy services to students in cities such as Beijing, Shanghai, Chongqing, Xi'an, Hangzhou, Wuhan and Zhengzhou. The programme is customised according to the features of Chinese high school students in order to make it more suitable for Chinese students, and has become an influential and professional brand in the sphere of running basic education business internationally. Graduates of the programme continue to be admitted into leading universities in overseas.

The Group provides diversified educational projects, effective learning scenarios and a good learning atmosphere for students, create a safe and healthy teaching environment, and continues to improve teaching quality, cultivate students' future-oriented literacy and abilities. To realise students' dreams of studying in prestigious overseas schools and to pave the way for their future, with the international bridge as a link, the Group emphasises the whole-person development of students with a four-in-one balanced development of academics, interests, social responsibilities and future goals. Through customised learning, interest-exploring programs and providing opportunities for foreign exchanges, the Group cultivate students' independent thinking ability and leadership, enrich their horizons and knowledge, stimulate their own potential, as well as comprehensively improve quality of research, teamwork, communication, leading them to become globally competent international talents.

### Innovative International Education Concept

The Group actively explored the localisation of international curriculum and the characterisation of local curriculum, implemented curriculum integration and structure optimisation, placed emphasis on the development, options and integration of curriculums, to fully unleash the personality potential and creative thinking of students and enhance students' performance. Using professionalism to build a personalised growth system, the Group always pays attention to students' physical and mental health and lifelong development, and promotes students to create the greatest possibility.

In terms of overseas study consultation services, in view of the diversified feature of overseas study, the Group improved its planning and guidance services with an elite, international, professional guidance team and strategies and enriched its application service products to provide students with a full range of services covering thinking patterns, academic background, interview tutoring, interest-exploring, comprehensive ability, school selection and other aspects.

### **Introduction of Quality Curriculum Resources**

The Group organically combines the local curriculum with the international curriculums such as AP and A-Level to better meet the learning needs of students in terms of breadth and depth of knowledge. Through independent innovation and R&D of school-based courses, including “Practical Speaking”, “Basic English Grammar”, “Practical Writing”, starting from the needs of students, we innovate the interest of courses, improve the quality of teaching, and strive to cultivate more excellent lifelong learners with an international perspective and integrating Chinese and Western cultures. The Group makes full use of the advantages of the school’s educational resources to implement eight categories with a total of 26 school-based courses in physical education and health, arts enhancement, interesting English performance, English proficiency enhancement, comprehensive practice, cultural practice, background enhancement and professionalism, and interesting science, which are opened to all students, comprehensively meeting the students’ needs in terms of interests and planning for further studies and further enhancing their overall cultivation level.

### **The Improvement of Teachers’ Quality and the Construction of Teachers Ethics**

High-quality teaching staff is the core competitiveness of the Group and the driving force for continuous development. The Group follows the characteristics of the teaching profession and the rules of development, categorises them, provides professional development for teachers and enhances their teaching management skills through activities such as “teaching competitions”, “lesson competitions” and “teacher training plans”. Teacher development and annual teacher appraisal are organically integrated to achieve quality management and consistency of teaching quality.

The Group’s recruitment process gatekeeps teachers’ quality. Teachers employed by the Group are mostly full-time teachers who graduated from leading domestic universities and overseas universities and met the job requirements of teachers as stipulated in the *Teachers Law of the PRC\** (《中華人民共和國教師法》) and the *Regulations on the Qualifications of Teachers\** (《教師資格條例》). The Group actively strengthens training in nurturing virtues of teaching teams, and continuously improves the long-term mechanism for maintaining teachers’ virtue. The teachers’ moral behaviour is the core requirements and basis for teacher recruitment and introduction, professional title evaluation, job recruitment, performance appraisal, and evaluation and reward. The Group encourages all staff to sign the *Letter of Undertaking of Maintaining Teachers’ Virtue*, and collects students’ opinions on teachers’ moral behaviour through the form of questionnaire, as well as formulates the *Implementation Plan for the Specialised Management of Teachers’ Ethics*, which prohibits all teaching staff from accepting any form of benefit or gift for the purpose of setting a good example for students in their everyday lives.

### Control and Management of Teaching Quality

Riding on the brand and market influence of the PGA International Programme, the Group has expanded its alliance school cooperation efforts to create a new type of international education service platform. Having cooperated successively with various schools in China in the areas of education management, teaching demonstration, seminars, teacher training, curriculum development, research and discussion on lesson preparation, and classroom guidance, the Group established a teaching standard empowerment system, optimised the allocation of education resources, improved the teaching standard of teachers and the quality of students' studies. The Group continuously optimises its organisational management system and develops standardised operational solutions to achieve the standardisation of course contents, teaching methods, team management, operational management, brand management and services for further education, so as to establish a streamlined and efficient workflow system. The Group continued to optimise the structure of teachers, hired excellent subject teachers, strengthened the subject teams, provided scientific and complete training and diversified development opportunities, improved the teaching quality assurance system with "bilingual teachers as the core", and actively promoted the institutionalisation of processes and the customisation, professionalisation, normalisation and standardisation of services, covering admissions, teaching, further education, inter-school cooperation and other aspects, striving to improving the quality of teaching and management efficiency.

### 4.3 Quality Automotive Parts

The Group places high emphasis on the quality of products and sets "Top Quality and Customer Satisfaction" as the core value of the Group's automotive parts business, targeting to become a world-renowned automotive parts company to achieve "Where there are cars, there is Cijan". As a national high-tech enterprise, Nanyang Cijan has been conferred the title of "Top 100 Outstanding Suppliers of Automotive Parts in China" for consecutive years. Our shock absorbers for passenger cars, commercial vehicles and railway vehicles are currently used by over 40 automotive manufacturers worldwide.

#### Product Quality Control

Quality is the lifeline of products. In terms of improving product quality, in order to avoid risks and reputational damage caused by product quality and product safety, the Group complies with the *Product Quality Law of the PRC*\* (《中華人民共和國產品質量法》), the *Regulations of the PRC on the Administration of Product Quality Certification*\* (《中華人民共和國產品質量認證管理條例》), and the *Implementation of Compulsory Product Certification Rules*\* (《強制性產品認證實施規則》) and other management regulations, through systematic improvements, comprehensively improves the stability of each model of products and creates reliable, high-quality products.

The automotive parts business of the Group has a comprehensive quality management system, which has successively obtained the ISO9001 Quality Management System certificate, the IATF16949:2016 Automotive Quality Management System certificate, the QS9000 and VDA6.1 quality system certificates and other qualifications. Thus, the Group has established product monitoring and quality control procedures for timely inspection, monitoring and control of outsourced parts and raw materials purchased in bulk, to ensure that they meet the product quality requirements and normal production takes place. The Group also has control procedures for defective products in place, to prevent unintended use or delivery of such products and provide clear indications of the product status. At the same time, the Group has put forward an incentive system for quality assurance, setting out reward and punishment measures with respect to quality. In terms of product quality standards, all products shall be provided with a 3-year/100,000-kilometre warranty for accessories and a one-year after-sales warranty.

The automotive parts business of the Group's takes "Pursuing Excellence" as its general quality policy, actively implements product quality management systems and institutional integration, establishes its own unique quality management model, and is committed to achieving high quality Target. Based on total quality management, the Group has consolidated its organisational system, management system, corporate culture, technical standards, information system and knowledge management, and continued to improve excellent quality with effective support from agile development, lean supply chain, intelligent manufacturing and full-process services, laying the foundation for the company's products extension to high-end. The Group implements full monitoring of product safety and quality and executes a triple-inspection system in its production process, i.e., "First Inspection, Patrol Inspection and Final Inspection". The Group also keeps abreast of the latest production situation and quality performance through performing real-time data collection by the Manufacturing Execution System (MES), providing timely feedback to responsible personnel on the implementation of the production plan so that they can respond quickly to any emergency at the production site.

The automotive parts business of the Group analyses customer needs based on customer types and provides customers with products that meet their requirements. It strictly follows the concept of "Top Quality" and strengthens product quality management throughout the entire process in product design, production, transportation and other aspects, ensures that the products produced and sold meet delivery requirements. Especially in the manufacturing process, the Group performs quality control strictly at each stage of the production of shock absorbers through a wide range of measures, such as putting up "reminder signs for key quality control procedures" next to factory production lines to remind employees of the common reasons for non-conforming products. The Group also puts up quality control slogans in the factory to promote its core value of "Top Quality" to its employees. Each shock absorber produced by the Group is subject to rigorous quality testing to ensure that the products we produced are of excellent quality and meet customers' requirements.

In terms of product recall procedures, once it is discovered that substandard products have flowed into the market, the Group will immediately initiate the recall procedure and strive to achieve early detection, early recall, and early processing. The Group provides "three guarantees" service to automobile manufacturers, under which all products with quality issues will be repaired, replaced or returned. As the absorbers are mainly marketed to automobile manufacturers, end-consumers can contact automobile manufacturers directly for any problems found in the product. In the 2025 Financial Year, no products sold by the automotive parts business of the Group were recalled due to safety and health reasons.

Since shock absorber is not a hazardous product, it poses no health risk to consumers. The Group customises product labels according to the requirements of our customers with instruction manuals formulated for each product accordingly. Specialised personnel are then arranged to check the product labels to ensure that all the information is correct.

### Supplier Management

Among the Group's three core business segments, supplier management primarily relates to the automotive parts business. To ensure product quality and safety, the automotive parts business of the Group established the *Suppliers Management System* to regulate raw materials procurement. Nanyang Cijan performs on-site reviews of all potential suppliers, and suppliers should meet the requirements on quality, product development capabilities, product compliance, production capacity, cost control capabilities and environmental protection. They are also required to be certified with the ISO/TS16949 or the ISO9001 Quality Management System. In addition to strict quality control requirements, Nanyang Cijan also gives priority to the procurement of products with less negative environmental impact and sets out specific environmental requirements in tender documents, gives priority to green products or products with lower carbon and energy consumption under the same conditions and actively promotes green procurement.

To ensure product quality, Nanyang Cijan has developed an effective system of supplier management, screening and grading, which consists of three main components:

In terms of supplier management, Nanyang Cijan has developed and annually updated a supplier management process, signed quality agreements with suppliers, and carried out daily management through performance monitoring, process auditing and quality statistics of suppliers, with an emphasis on the allocation ratio of suppliers' orders and the supplier selection echelon, so as to control the stability and safety of the supply chain as a whole, as well as the overall efficiency ratio of the quality, price and after-sales aspects of the supply;

In terms of screening of suppliers, Nanyang Cijan actively builds a green supply chain and strictly complies with the requirements under the Group's *Guidelines for Selection and Approval of New Suppliers*. Nanyang Cijan gives priority to suppliers that advocate environmentally friendly and low-carbon operations. In particular, suppliers have a complete EHS (Environmental, Health, Safety) management policy and management structure, have incorporated climate change, carbon peaking, carbon neutrality and other matters into operational goals, formulated various internal supporting systems and implemented a mature environmental management system.

In terms of grading of suppliers, pursuant to the Document on Evaluation of Supplier Performance, Nanyang Cijan collects monthly evaluation forms based on zero-kilometre PPM values, after-sales PPM values, quality complaints, delivery timeliness, additional cost ratios, supplier evaluation results, supplier's price trends and monthly red supply performance information from suppliers. According to the form, suppliers are appraised semiannually by the purchasing department, the quality assurance department, the R&D centre and the product department, and a Qualified Supplier List will also be prepared.

Nanyang Cijan prepares the Potential Supplier Assessment Report according to the passing rate of incoming product quality inspection, the rectification rate of service quality, the number of after-sales complaints, the timeliness of delivery and price trends. In this way, suppliers are graded into three categories, A, B and C, where unqualified suppliers are categorised as C-grade. Suppliers who are graded as unqualified are required to carry out prompt rectification. If no improvement is made within a specific period of time, the supplier shall fall into the Unqualified Supplier Register and shall not be invited to participate in any tender. In the 2025 Financial Year, Nanyang Cijan has 63 suppliers, of which 22 were mainly located in Henan Province, 10 in Zhejiang Province, and 6, 7, 3 and 4 respectively in Anhui Province, Shanghai, Sichuan Province and Chongqing. None of these suppliers was categorised as C-grade and eliminated due to quality issues, timeliness of delivery, degree of cooperation and products cost performance.

The Group attaches great importance to the responsibilities and actions of its supply chain partners in building a green supply chain. Add green supply chain indicators to the annual supplier review to examine the actions and results of each supplier on environmental, economic and social aspects. Promote suppliers and products provided to meet the green and sustainable development requirements of the environment, industry and society. During the procurement process, Nanyang Cijan actively guides suppliers to integrate ESG-related elements such as energy conservation and emission reduction, environmental protection, occupational health and safety, and responsible supply chains, and gives priority to increasing procurement volume allocation in actual procurement;

The Group continuously strengthens the environmental requirements and standards in respect of procurement, as well as related implementation and monitoring methods to identify and circumvent environmental and social risks throughout the supply chain. For example, the Group conducted supply risk checks on suppliers involved in environmental protection issues in accordance with relevant local government regulations, and collected environmental management system certificates from suppliers. The relevant implementation and monitoring methods include the establishment of an environmental management system certificate ledger, which shall be tracked and updated by the supplier's manager.

### **Customer Satisfaction**

The automotive parts business of the Group has maintained two-way communication with customers, who are welcome to give advice to the Group through channels such as the official WeChat platform, the 24-hour service hotline and site visits. Nanyang Cijan conducts monthly customer satisfaction surveys, in which aspects such as the proportion of malfunctioning shock absorbers that were recalled before the vehicle was sold, the number of customer complaints and feedback, and downtime in manufacturing lines, are rated. In the 2025 Financial Year, the automotive parts business of the Group received 11 complaints from external customers in relation to products and services, all of which have been resolved.

To ensure that prompt reply is provided to our customers, Nanyang Cijan has introduced the Quality Management System (QMS) to manage customers' demands in a centralised manner and resolve problems in a quicker and standardised way. Relevant departments perform proactive analysis of customers' feedback and ensure that all issues are resolved within 30 days.

### Continuous Innovation

The automotive parts business of the Group has established an excellent R&D and innovation management system, attaches great importance to R&D investment and technological innovation, and has established advanced R&D and testing centers. Nanyang Cijan reviews the goals and plans of R&D and innovation management annually, makes timely adjustments based on corporate operations and the external economic and social environment, and continues to innovate the R&D process and activate organisational vitality. R&D human efficiency continues to improve. The Group has formulated the Incentive Scheme for Science and Technological Innovation and the Notice on Reward and Punishment Measures for Employees' Obtaining Various Certificates to encourage employees to innovate proactively and pursue lifelong learning. Incentives and recognition can be provided for employees who are awarded certificates of scientific and technological achievements, file patents of shock absorbers or other automotive parts inventions, participate in the development or revision of international, national or industry standards, publish papers or attend academic education and obtain professional qualifications. In terms of corporate innovation capability certification, as a "High and New Technology Enterprise", Nanyang Cijan's R&D centre was certified as the National Enterprise Technology Centre and selected as an "Academician Workstation" and "Post-doctoral Workstation" of Henan Province. In recent years, through extensive cooperation with Beijing Institute of Technology, Southwest Jiaotong University and other higher education institutions, Nanyang Cijan has delivered fruitful achievements in "Production, Education and Research", including multiple patented technologies for inventions, utility models and appearance designs, and has undertaken R&D for provincial and municipal projects with over 1,000 different types of shock absorbers developed.

Nanyang Cijan has maintained its annual investment in R&D and technological innovation accounting for more than 3% of its total sales. In the 2025 Financial Year, the cumulative investment of Nanyang Cijan in R&D amounted to approximately RMB122.6 million, with the total amount invested in R&D accounting for approximately 3.56% of annual sales, and R&D personnel accounted for approximately 7.80% of total number of employees. Nanyang Cijan also attaches great importance to the protection and application of intellectual property rights in the process of innovation and development. Continue to improve the intellectual property management system, and establish various intellectual property management and incentive systems. Effectively manage and operate intellectual property rights to prevent knowledge leakage in business process, and form a virtuous cycle of technological innovation and intellectual property protection.

## 5. PEOPLE-ORIENTED

The Group firmly believes that employees are one of the Group's most important assets, and the development of its business is inseparable from the dedicated efforts of its employees. The Group has formulated a sound human resources policy, with the purpose of being a "people-oriented" business, in order to attract and retain outstanding talents, bringing employees together and increasing their sense of belonging to the Group. The Group encourages a diversified employee portfolio which brings a variety of skills, experience and innovative ideas to the Group.

The Group strictly complies with laws and regulations that have a significant impact on the Group's operations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, anti-harassment, other benefits and welfare and other employment related matters, to ensure that employees are provided with legal and reasonable remuneration and benefits and are treated fairly. The Group also enters into employment contracts with employees, develops and implements a scientific and standardised personnel management system, and formulated the Employee Manual, outlining the rights and obligations of employees.

### 5.1 Nurturing Talents

The Group has sound Measures for *Recruitment and Dismissal Management*, which systematically advances the building and growth of teams of talents, so that the staff can better align with the business development needs of the Group. The human resources department ensures that the recruitment and dismissal processes are standardised and transparent, and regularly reviews and updates relevant human resources policies in accordance with the latest laws and regulations. During the recruitment process, the Group considers factors such as candidates' working experience, expected work capacity and internal budget of the Group, and observes candidates' personality, enthusiasm, development potential and other personal qualities. Meanwhile, the Group strictly prohibits any unfair or unreasonable dismissal, and termination of the employment contract must be lawful and reasonable.

Protecting employees' rights and interests is the basis for stimulating employees' potential. The Group established a robust *Remuneration Management System and Performance Appraisal Management Plan*, which are reviewed and updated on an annual basis. The Group insists on providing employees with competitive salary guarantees in the industry and has established a remuneration and benefit system based on the principles of job value and more reward for more work, including fixed remuneration, performance bonuses, year-end bonuses and other remuneration and benefit projects, and continues to use performance management to stimulate employees' vitality and improve work efficiency. In addition to basic remuneration, bonus may be paid with reference to the Group's performance as well as individual employees' performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of internal and external training courses. Share options and/or awarded shares may also be granted to eligible employees by reference to the Group's performance as well as individual employees' contribution. The Group carries out work performance appraisals at least once a year to assess employees' work capability and performance while taking into account the market remuneration level for the position and the internal budget of the Group. The results of the appraisals serve as references for the Group to make decisions on promotion and remuneration adjustments for outstanding employees. When there is a job vacancy, the Group gives priority to internal promotion or deployment. The Group encourages employees to continuously improve their personal performance. Performance evaluation is based on fairness and reasonableness. The performance management process, including goal setting, supervision and coaching, interview evaluation, and face-to-face meetings, performance feedback and six steps for development plan implementation. The Group has established a performance feedback and grievance mechanism. Employees who have objections to the results of performance and promotion appraisals must submit a written appeal within one week of receiving the notice, and the human resources department and the next-level management will seriously and carefully review the appeal.

To elevate talent development at a steady pace, the Group established an employee career development planning system, and provides employees with a smooth and clear career path. Nanyang Cijan clearly outlines the career progression for technical and management employees, providing them with a dual-track approach to career development to enable them to select a suitable path and plan for their own career development.

The Group adheres to the concept of fair employment, and strictly abides by laws and regulations such as the *Labour Law of the PRC\** (《中華人民共和國勞動法》), the *Labour Contract Law of the PRC\** (《中華人民共和國勞動合同法》), the *Special Provisions on the Labour Protection of Female Employees\** (《女職工勞動保護特別規定》), the *Prohibition of Child Labour and other laws and regulations\** (《禁止使用童工規定》). The Group respects all employees and formulated the Equal Employment Policy, under which no employee should be discriminated against because of race, religion, gender, nationality, sexual orientation, marital status and disability during employment, training, performance management, selection, promotion and remuneration adjustment, to ensure a fair and just practice and to create an inclusive and diverse workplace. Meanwhile, the Group has zero tolerance for any workplace discrimination or harassment. In the event of any violation of the Equal Employment Policy, corresponding actions will be taken by the Group. In the 2025 Financial Year, the Group did not receive any complaints regarding the infringement on the rights and interests of employees and was not aware of any violations of employment-related laws and regulations that had a significant impact on the Group's operations.

The Group established anti-child labour and forced labour management systems and regulations, prohibits any recruitment and employment of child labour and prohibits any form of forced labour, and strictly complies with the laws and regulations that prohibit child and forced labour. The human resources department regularly reviews the implementation of the human resources policies with a view to eradicating the risks of child and forced labour. The Group strengthens the standardisation of recruitment, and employment processes, strictly abides by relevant recruitment disciplines, and ensures fair and impartial recruitment work. During the recruitment process, the human resources department of the Group requires the employees to provide valid identification documents before taking up their duties, requires new employees to cooperate in completing a reasonable background check process, so as to prove the legal age requirement for employment and eliminate the occurrence of child labour. The Group enters into, performs, changes, cancels or terminates labour contracts with all regular employees in accordance with the law, effectively protects the legitimate rights and interests of employees, and provides corresponding benefits and treatment. The Group also respects employees' rights to rest and vacations, regulates employees' working hours and their rights to various rest periods and vacations. Nanyang Cijan established the *Regulations on the Management of Employees Working Overtime*, which stipulates that employees can only work overtime with the prior approval of their head of department. Employees will be granted compensation leave or overtime pay afterwards to ensure that no employee is forced to work overtime. In the 2025 Financial Year, the Group was not aware of any violation of the laws and regulations relating to the prevention of child or forced labour that had a significant impact on the Group's operations.

## 5.2 Diversity

### Board Diversity

The Company is committed to ensuring an appropriate balance in the diversity of skills, experience, perspectives and angles of the Board members so as to support the execution of business strategies and efficient operation of the Board. The Company has formulated a director nomination policy. The Nomination Committee is responsible for identifying candidates suitably qualified to become members of the Board and it may select candidates nominated for directorship. When formulating a recommendation to the Board for appointment of a Director (including an INED), the Nomination Committee shall consider various criteria in evaluating and selecting candidates for directorships, including, among others, (i) character, integrity and reputation, (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Group's business and corporate strategy, (iii) willingness to devote adequate time to discharge duties as a member of the Board and other directorships and significant commitments, (iv) the number of existing directorships and other commitments that may demand the attention of the candidates, (v) the requirement for the Board to have INEDs in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the requirements under the Listing Rules, (vi) the board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board, including but not limited to gender, age, culture and education background, ethnicity, professional experience, skills, knowledge and terms of service, and (vii) such other perspectives appropriate to the Group's business.

The Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The composition of the Board is also reviewed from time to time by the Company in accordance with the specific needs of the Group's business. The Board currently comprises five Directors, including two Executive Directors and three INEDs; four are male and one is female.

### Employee Diversity

The Company also adopted a workforce diversity policy which recognises diversity as a core value embraced by the Group. The Group will from time to time provide training to its employees on diversity and inclusion-related topics and review the policy from time to time. Based on the principle of talent orientation and in accordance with the business model and specific up-to-date needs of the Group, and taking full account of the benefits of employee gender diversity, the Group reviews the gender ratio from time to time to achieve a good balance in employee gender diversity. The Group does not tolerate any form of workplace discrimination, harassment and aggression, including based on nationality, geography, gender, religion and race, regardless of whether such behavior is related to an individual on a gender or other basis.

As at 31 December 2025, the Group had a total of 3,017 employees, including 33 ethnic minority employees and 164 labour dispatch employees. The number of employees with a bachelor's degree or above accounted for approximately 17.90% of the total number of employees. Female members accounted for approximately 27.18% of all employees of the Group (including senior management).

### 5.3 Caring for Employees

The Group's *Employee Manual and the Employee Working Hours System and Policy* outline the working hours and rest periods of employees, which are both in compliance with relevant local employment laws and regulations. In addition to providing statutory paid leave, Mandatory Provident Fund or social insurance and housing provident fund, medical insurance, business travel accident insurance and a competitive remuneration system, the Group also ensures that its employees are entitled to marriage leave, maternity leave, pre-maternity leave, parental leave and compassionate leave, etc. The Group respects and protects the special rights and interests of female employees in accordance with the law. For example, during pregnancy, childbirth and breastfeeding, female employees can enjoy leave in accordance with the standards stipulated in relevant policies. During this period, the labour relationship with them shall not be terminated. When the labour contract expires, they shall automatically be extended until the pregnancy, childbirth and lactation periods. Nanyang Cijan provides employees with high temperature vacation in July, one of the hottest months of the year, to reduce employees' exposure to health risks posed by working in high temperatures. The Group also provides staff with festive benefits at traditional festivals such as the Dragon Boat Festival, the Mid-Autumn Festival and the Spring Festival.

The Group regularly presents employees with outstanding employee performance awards, including the Best Attendance Award, the Model Employee, and the Outstanding Employees, Outstanding Team, and rewards outstanding employees through a formal letter of appreciation or bonus. The Group always pays attention to the needs of employees, provides employees with multi-level welfare protection, promptly resolves employees' difficulties and worries, and encourages employees to lead a colorful life. In order to help achieve work-life balance and enhance employee happiness, the Group organises different types of employee care activities, such as birthday parties, welcome lunches with new employees, Christmas parties, outdoor team building activities and annual gathering.

The Group strictly abides by labor and human rights laws and regulations, attaches great importance to democratic management and communication, and respects employees' rights to freedom of association and freedom of negotiation.

The Group firmly believes that good interactive communication with employees not only benefits the Group's operation and management, but also helps the Group in promoting its sustainable development. The Group attaches great importance to the mental well-being of its employees, promotes an open feedback culture. While understanding and collecting employees' feedback and suggestions, it also relieves employees' career and work stress and creates a warm and harmonious workplace environment. To ensure continuous, effective and two-way communication between employees and the management, the Group encourages employees to express their opinions and suggestions on the working environment, remuneration and benefits and other aspects through e-mail, bulletin boards, WeChat, and meetings.

#### 5.4 Health and Safety

The Group strives to provide employees with a healthy and safe working environment, while strictly complying with the laws and regulations that have a significant impact on the Group's operations in relation to employees' health and safety, including providing a safe working environment and protecting employees from occupational hazards. To ensure that employees at all levels of our business segments duly work on safety management, the Group established the *Occupational Health and Hygiene Management System* to prevent, control and eradicate any occupational hazards, and to minimise employees' risks in their working environment. For the three years ended 31 December 2025, the Group had no fatalities caused by work. In the 2025 Financial Year, the Group was not aware of any violation of laws and regulations in relation to health and safety that had a significant impact on the Group's operations.

In order to effectively prevent major accidents and occupational diseases and to ensure the personal safety and health of our employees, the automotive parts business of the Group has been conscientiously implementing the policy direction that "Safety is of the utmost priority with prevention as the primary focus". It put into practice the liability system for production safety and set up the Production Safety Management Committee and the Occupational Health Leading Group, with the responsibilities of each unit under the production safety management system clearly specified. Nanyang Cijan formulated and implemented relevant measures according to the *GB/T28001-2011/OHSAS18001:2007 Occupational Health and Safety Management Systems – Requirements* and has been certified to be in conformity with the standard.

The automotive parts business of the Group formulated the *Safety Inspection System*, under which a comprehensive factory-level safety inspection is organised no less than twice a year, along with weekly workshop safety inspection and occasional safety inspection on new potential risk factors such as new equipment and new technology. The safety inspection team will issue criticisms against any department or employee that violates the rules, and appropriate punishment will be given according to the severity of violation. In addition, Nanyang Cijan regularly organises safety training for in-service staff, and only those who passed the training exam are allowed to work.

In the 2025 Financial Year, there were not any major safety incident but 10 employees injured in minor-injury accidents related to the use of machinery and equipment in the Group. Upon such accidents, the safety responsible personnel reported to the safety department within 30 minutes to start a comprehensive investigation. Subsequent to the confirmation of the cause of the accident, a corresponding rectification plan was developed. The Group has already applied for work injury on behalf of the injured employees, and arranged compensation leave for them to recover. The Group also provided them with necessary financial assistance according to the *Regulation on Work-Related Injury Insurances\** (《工傷保險條例》). Such employees may take other suitable work positions according to their personal preference.

The Group is immensely concerned about employees' health and safety in the office and established relevant policies and measures. The Group illustrated in the *Employee Manual* the health and safety precautions of the office working environment and formulated the *Smoke Free Workplace Policy* to prohibit smoking in the office. The Group provides employees with annual health check-ups, places green plants in offices, cleans the air conditioning system and disinfects carpets regularly in the office. The Group also pays great attention to the mental health of its employees. Through daily communication, it understands the mental health status of its employees and provides relevant counselling in a timely manner.

### 5.5 Career Advancement

The Group regards every employee as its valuable asset and strives to connect employees' personal growth with the Group's future development. The Group formulated the *Training Management System*, helps employees improve their professional skills and comprehensive capabilities by establishing multi-channel, multi-form, hierarchical and focused employee development training plans, so as to facilitate further development of the Group's business.

The Group encourages employees to continue to grow and realise themselves. The Group organises induction training for each employee on their first day of work to provide them with onboard guidance, in order to ensure that they have adequate expertise and capabilities for day-to-day work. In the meantime, the Group provides a wide range of job skills training for existing employees. In the 2025 Financial Year, the Group provided a series of training to its staff, including financial business integration, innovative business models, updated laws and regulations, safe operation and environmental education. The total ratio of trained employees reached approximately 50.54%, with an average training time of approximately 2.62 hours per employee, and the cumulative investment in training funds approximated RMB3.2 million.

The Group provides employees with training on compliance and risk management, relevant laws and regulations, and occupational health and safety, to boost employees' awareness of compliance and to ensure that the business operations of the Group are in compliance with laws and regulations. Licenced employees of the Group's financial services business must continuously participate in a certain number of continuing professional training each year to meet regulatory requirements. In terms of automotive parts business, Nanyang Cijan organises no less than two work health and safety training sessions for all employees every year, implements and guides employees' safety production and compliance measures, and jointly creates a safe working environment. The weekly meeting of each workshop emphasises safety awareness and safety precautions to ensure the avoidance of major casualties and promote the achievement of the goal of zero work-related accidents for employees.

During the transformation and upgrading of its business, the Group also pays attention to reshaping and upgrading its corporate culture. The Group conducts activities such as new employee induction training, systems training, monthly meetings and team building activities, to allow employees to understand the basics, culture, development strategy and systems of the Group, thereby facilitating their understanding of the Group's core values, promoting their recognition of its corporate culture, and enhancing their sense of belonging to the Group.

## 6. ENVIRONMENTAL PROTECTION

From the strategic perspective of environmental and social sustainable development, the Group incorporates green concepts across its every business segment, fully considers the environmental and social impacts caused by each of the business segments and strives to create an environment-friendly community. The Group is fully aware of the fact that the production process of its automotive parts business will affect the environment to a certain extent. Therefore, it actively set up energy saving and emission reduction measures to reduce the negative environmental impact from factories, putting green operations into practice. Meanwhile, the Group also understands that it is an integral part of environmental protection to raise the environmental awareness among employees, we therefore proactively promote environmental education in factories and offices to encourage all employees to adopt environmentally friendly habits.

The Group strictly complies with laws and regulations that have a significant impact on the Group's operations in respect of air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise pollution. In the 2025 Financial Year, the Group did not receive any confirmed violations or complaints in respect of air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise pollution that have a significant impact on the Group's operations. In the meantime, the data of environmental performance indicators for the three years ended 31 December 2025 have also been provided in Section 9 of the ESG Report, so as to present the changes in annual performance, and to lay a foundation for the Group to set environmental performance targets in the future.

In response to the national strategy of "carbon peak and carbon neutralisation", the Group's environmental action goals emphasise the importance of environmental protection to corporate social responsibility and sustainable development, the Group actively formulates environmental indicator goals and measures, reviews their performance and consistency with the goals, and promotes the construction and implementation of the environmental protection management system. The Group understands that as a responsible enterprise, it must proactively respond to the national green and sustainable development strategy and formulate its own short, medium and long-term carbon neutrality targets and plans in light of the actual situation of the enterprise, in order to keep pace with the long-term development of China and the trend of the times.

Policies have been formulated in respect of the automotive parts business of the Group to manage emissions and use of resources according to the *GB/T24001-2016/ISO14001:2015 Environmental Management Systems – Requirements with Guidance for Use*, and the environmental system certification has been obtained. The Group also regularly entrusts third-party organisation to monitor the emissions of pollutants, in accordance with relevant standards and specifications, during the operation of the automotive parts business to ensure compliance by the factories.

## 6.1 Environmental Impact

### Air Pollutants

The Group's emissions of air pollutants mainly come from the production equipment of the automotive parts business. The Group complies with various waste gas-related laws, regulations and industry standards applicable in the places of operation, and also cooperates with government supervision and random inspections. The Group has improved its waste gas management system, monitored and assessed waste gas emissions, and set up persons responsible for emissions management. On top of implementing emission reduction measures for various pollution sources, the Group further strengthens the maintenance and management of pollution prevention and control facilities, so that the facilities are always in good condition to ensure a stable discharge of pollutants while meeting the emission standards. The production equipment in Nanyang Cijan is equipped with the end-of-pipe treatment technology to ensure that all kinds of air pollutants are effectively treated.

To further reduce the emissions of air pollutants, Nanyang Cijan has gradually replaced the diesel forklifts for transporting goods with electric forklifts, which account for 51.85% of all forklifts, to achieve a balance between economic cost and green efficiencies. Nanyang Cijan successfully achieved its waste gas emissions reduction target by changing the grinder waste gas treatment facilities from half a year to quarterly, adding an automatic control system to the electroplating waste gas treatment device, adjusting the PH value range from 6–9 to 7–8, and welding exhaust gas emissions were changed from direct emissions at a height of 20 meters to emissions after adding exhaust gas filter cartridge purification treatment equipment. The Group reviewed its exhaust emissions performance in the 2025 Financial Year and set a target of reducing exhaust emissions by 1% year-on-year for the next year based on the actual situation.

### GHG Emissions

The inventory and analysis of GHG data is the first step in carbon emissions management. The Group has established a GHG inventory based on the main sources of carbon emissions. Direct GHG emissions (Scope 1) mainly comes from stationary sources, non-road mobile sources and road mobile sources, including the operation of its own vehicles and generator sets and boilers, etc.; indirect GHG emissions (Scope 2) mainly comes from factory and office electricity; whereas other GHG emissions (Scope 3) mainly comes from product raw materials, purchased packaging materials, outsourced parts, outsourced logistics and transportation services, sewage treatment and employee travel and commuting.

From the GHG emissions inventory, boiler use and electricity consumption are the main emission sources of the Group's GHG Scopes 1 and 2. The ESG Report also focuses on disclosing relevant data and performance comparisons. Scope 3 involves collecting and coordinating a large amount of supply chain data, and it is not yet possible to calculate statistics. The Group is actively promoting the feasibility of relevant data collection and studying its calculation methods, and will gradually improve them in the future.

In the 2025 Financial Year, Nanyang Cijan reduced the intensity of annual emissions of sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), particulate matter (PM), carbon monoxide (CO), through effective control and reduction of exhaust, making due contribution to local haze control and air quality assurance. Based on actual business development and GHG emissions reduction progress, the Group has set a target of reducing GHG emission intensity by 1% year-on-year for the next year.

The Group has planted a total of 912 trees in areas within our factories to reduce the GHG emissions. The greening rate of the factory area has reached approximately 65%. It has offset the Group's GHG emissions by approximately 20.98 tonnes of carbon dioxide equivalents.

### **Wastewater**

The automotive parts business of the Group has in place different types of wastewater treatment facilities for the collection and treatment of wastewater generated during the production process. Maintenance is performed on the wastewater treatment facilities regularly to ensure normal operation of the system. In respect of the automotive parts business of the Group, chemical oxygen demand (COD) online analysers and flowmeters have been installed at the discharge points of the wastewater treatment facilities to monitor the wastewater quality online, and to ensure that the discharge is up to standard. In the 2025 Financial Year, the quality of wastewater discharged from the automotive parts business of the Group was in accordance with the limits as required under the Emission Permit. The Group has not been penalised by relevant environmental protection departments for exceeding any discharge limits.

In the 2025 Financial Year, approximately 7,800 tonnes of domestic wastewater and approximately 47,600 tonnes of industrial wastewater were treated in Nanyang Cijan, of which some wastewater was re-purified for recycling and some was discharged collectively after treatment to meet the standards. Nanyang Cijan reduced wastewater discharge and reduced wastewater contaminating the ground through measures such as control and management of storage tanks and transmission pipes, control of the discharge volume, construction of special wastewater drains, and installation of online monitoring devices to control the discharge concentration, and the installation of a standard rain shelter at the landfill. In the 2025 Financial Year, Nanyang Cijan reused approximately 21,264 tonnes of purified wastewater. The Group reviewed its wastewater discharge performance in the 2025 Financial Year and set a target of reducing emissions by 1% year-on-year for the next year based on the actual situation.

Sewage from offices of the financial services business and education management and consultation business of the Group is domestic sewage, which is discharged into municipal pipelines through the drainage systems of the buildings.

### Wastes

The Group strictly manages the handling of wastes and formulated specific handling methods. In the future, the Group will continue to promote waste emissions reduction and harmless treatment processes and set a target of reducing non-hazardous waste by 1% year-on-year.

The non-hazardous wastes generated from the Group's operations comprise domestic waste and office waste, which are collected and disposed of by the responsible personnel from the property management companies or the refuse handling stations. Factories in the automotive parts business generate non-hazardous wastes such as food waste from canteens and sludge from domestic sewage treatment facilities. The Group's treatment of non-hazardous waste follows the basic principles of reduction and resource utilisation, starting from process optimisation and operation management to reduce the generation of waste, and recycles non-hazardous waste as much as possible and convert them into usable resources. In the 2025 Financial Year, the Group's non-hazardous waste recycling reached approximately 99.25%.

The automotive parts business is the main source of the Group's hazardous wastes, which generates hazardous waste oil, waste oil containers, paint waste from paint-spraying process and chromium-containing sludge from electroplating wastewater treatment. Our offices generate a smaller amount of hazardous wastes, which include mercury-containing lamps, e-waste, waste batteries and ink cartridges.

The Group manages hazardous wastes in accordance with the *Directory of National Hazardous Wastes and the Standard for Storage and Pollution Control on Hazardous Wastes*, and stores them in categories according to their purpose, source, nature and hazard. Following the *Measures for the Management of Duplicate Forms for Transfer of Hazardous Wastes*, the Group transfers its wastes to an eligible organisation for disposal. The Group strengthened employees' awareness and protection skills of hazardous waste to ensure safety and efficiency during the transfer process, and also adopted measures to prevent the leakage of hazardous wastes in order to avoid contamination. The automotive parts business of the Group formulated the *Chromium Residue Management System and the Hazardous Wastes Management System*, which strictly stipulated the procedures for the generation, collection, storage, transfer and disposal of hazardous wastes. Nanyang Cijan transfers chromium-containing waste, paint waste and hazardous waste oil to eligible organisations for handling, while waste oil containers are recycled and reused by manufacturers.

The Group minimises waste generation in its business operations by reusing reusable items and sorting recyclables. Nanyang Cijan reused all non-hazardous waste oil in the rolling mill during the pipe manufacturing process, with about 360kg of waste oil reused in the 2025 Financial Year.

The Group implemented waste reduction measures in its offices. Such adopted waste reduction measures include:

- recycling and reusing courier packaging
- emptying rubbish bins regularly to reduce the frequency of replacement of plastic rubbish bin bags
- reducing the use of disposable cups for serving guests
- providing reusable utensils for employees to reduce the use of disposable tableware
- placing waste paper recycling boxes next to the printers to re-use waste paper
- arranging paper recycling boxes for collection of waste newspapers and paper

### **Noise Control**

The Group's noise pollution is emanated from the production equipment of the automotive parts business. In order to reduce noise pollution, the Group established the Noise Protection Management System for noise-generating areas, and different noise abatement measures are employed according to the characteristics of the equipment, proactively conducting noise controls at the source and on the noise propagation.

In order to reduce noise, Nanyang Cijan takes a number of measures to tackle the noise problem at its source:

- installing sound-deadening cylinders
- installing sound absorbing panels
- equipping staff with noise-cancelling earplugs
- installing vibration damper and elastic air cushion in the item of equipment with high vibration
- pasting sound insulation cotton in an item of equipment
- installing sound-absorbing wall coverings inside laboratory premises

The Group also monitors the noise levels at the boundary of the manufacturing plant regularly to ensure that the noise level generated from the operation of the equipment meets the requirements of the Emission Standard for Industrial Enterprises Noise at Boundary and would not cause noise nuisance to neighbouring residents. The noise level outside the Group's production plant has been tested to be about 60 decibels and the noise level around the plant has been tested to be about 50 decibels.

## 6.2 Use of Resources

In line with the concept of “scientific management, punctual supply, rational usage, and wastage elimination”, the Group manages the use of resources in each business segment to enhance the efficiency of resource utilisation, and sets a target of more than 1% year-on-year increase for the next year based on the actual situation.

### Energy Use

With a safe, green and efficient energy management policy, the Group actively promotes standardised energy management systems and institutional construction, formulates reasonable energy goals and plans, analyses achievement status and improves measures. The Group strictly regulates the use of energy and encourages employees to actively propose energy-saving and consumption reduction measures, seeking opportunities to reduce the use of energy together with employees.

The automotive parts business of the Group formulated the Energy Management Measures, which strictly regulates the use of various electrical equipments, allowing responsible units to carry out timely maintenance of equipment in the event of anomalies to reduce electricity wastage. All of the low-voltage distribution rooms located at Nanyang Cijan are equipped with a reactive power compensation system, which improves the power factor, reduces the wearing of transformers and transmission lines, and hence improves the efficiency of power supply. Nanyang Cijan added a transmission automatic control device to the automatic line. Each device can save about 1 hour of operation and 16 kilowatt hours of electricity per day. Through this measure, Nanyang Cijan saved approximately 5,760 kWh of electricity annually. The road solar lights in the factory area of Nanyang Cijan can save about 432 kWh of electricity every year based on the energy consumption of lights.

To raise the energy saving and environmental awareness of employees and to encourage and cultivate their energy saving and environmental protection behaviours, the Group implemented a series of green and low carbon office measures focusing on energy conservation and the reduction of material consumption, which include:

- promoting a paperless office with files saved in the shared drive for circulation or distributed through email
- switching off lights when no one is using the office area
- setting computers to enter sleep mode or shut down when being idle for 15 minutes
- promoting the use of public transport or shared cycling for commuting to and from work
- promoting online meetings to reduce travel and transportation

### **Use of Water Resources**

The Group's education management and consultation business and financial services business use municipal water, while its automotive parts business uses groundwater. The Group has not come across any difficulties in sourcing water.

The Group has been implementing a variety of water-saving measures, requiring the average unit water consumption to be saved by more than 1% year-on-year compared with the previous year, including:

- using recycled and reused water for equipment cooling in the electromagnetic valve production line of the intelligent workshop
- strengthening the daily maintenance and management of water appliances and closely checking if there is any water leakage problem so that timely repair can be carried out
- regularly consulting repair technicians to conduct inspection on the water valves and water pipelines
- developing employees' water-saving habits to consciously control the water flow manually when using water, and turning off the faucet after use in order to save water
- systematically upgrading water equipment and gradually installing water-saving devices
- strengthening the management of water-saving equipment to improve water efficiency
- strictly enforcing daily scheduled water supply with no overtime or non-timely water supply

In the 2025 Financial Year, Nanyang Cijan implemented the hydraulic cooling water technical reform project for electromagnetic valve production line and intelligent production line, which can reduce water resources usage by about 12 tonnes per hour and about 3,600 tonnes per month, and save about 43,200 tonnes of water resources per year. At the same time, Nanyang Cijan reused the wastewater treated at the comprehensive wastewater treatment station to irrigate flowers, plants and trees in the factory area. For the 2025 Financial Year, the volume of recycled water amounted to approximately 2,880 tonnes.

### **Use of Paper and Packaging Materials**

The Group encouraged adoption of an electronic and paperless workplace, and took active steps such as saving and reusing office paper, storing outdated newspapers and magazines, and sorting courier packaging materials for re-use, in order to protect the environment and utilise resources better. The internal approval process of Nanyang Cijan has been changed from paper copy approval to DingTalk online approval.

The Company's annual reports are available in Chinese and English versions, and are delivered according to Shareholder's preference. Shareholders are encouraged to receive the reports in electronic form in order to reduce the number of printed copies and save paper. The paper used for the annual report is derived from responsible forest resources and certified by the Forest Stewardship Council.

Packaging materials are mainly used for the finished products of the automotive parts business of the Group, which can be categorised into paper, metal, plastic and wood. Nanyang Cijan has introduced the use of shared logistics boxes and replaced the cartons with reusable iron boxes, aiming to reduce consumption of packaging materials and costs of packaging through the new cycle packaging. Nanyang Cijan reduced the use of 800 packaging boxes annually by switching to recyclable packaging boxes.

In the 2025 Financial Year, some major customers of Nanyang Cijan such as Chery Automobile, SAIC Group, Geely Automobile, GM Wuling, BAIC Group, FAW Group and other customers have fully utilised the shared logistics boxes, with the annual loading capacity of the shared logistics boxes reaching approximately 51,408 tonnes, representing an increase of approximately 50% over the previous year. Nanyang Cijan also plans to gradually promote the use of shared logistics boxes to all customers and raw material suppliers to further reduce the consumption of packaging materials.

### 6.3 Climate Change

The Group actively promotes the formulation of climate change management system and constitution, sets climate change management goals and plans, identifies and responds to climate change risks and opportunities. The short-term goal is to avoid actual losses caused by natural disasters such as extreme weather and nip them in the bud; the mid-term goal is to carry out green innovation in various fields such as R&D, design, production and supply chain, and achieve a significant reduction in GHG emissions; the long-term goal is to achieve its own strategic goal of carbon neutrality through continuous energy saving and emission reduction, and green supply chain projects.

The Group has established a decision-making process for climate change risk control. The ESG Executive Committee is responsible for conducting a comprehensive assessment of climate change-related risks in accordance with the process of identification, evaluation and prioritisation, and reporting to the Board and the Risk Management Committee on the Group's potential climate change-related risks and opportunities on an irregular basis (at least once a year). The Risk Management Committee is responsible for determining the Group's climate change-related risk appetite and tolerance level, reviewing the Group's climate change-related risk management and internal control systems, and ensuring the effective implementation of such risk management and internal control systems. As the highest decision-making body, the Board bears ultimate responsibility for the management policies, strategies and reporting of climate change-related risks of the Group.

In the short term (0 to 5 years), climate change may have a negative impact on the production and operations of a business, such as the acute risks associated with extreme weather events; and extreme events such as heavy rainfall, floods, droughts, typhoons, heatwaves, etc. may cause direct damage to the Company's assets or result in additional capital expenditure, reduced revenue and asset impairment, or affect the safety of the Company's premises, operations, supply chain, transportation and employees. In the medium to long term (over 5 years), climate change may also lead to chronic risks, such as an increase in the average temperature of the earth and a rise in sea level due to climate change, which may affect the productivity of an enterprise, or impact water supply resources, water quality, food safety and other aspects. Furthermore, against the backdrop of global efforts to actively address climate change, the vigorous development of the new energy vehicle industry will bring development opportunities to the Group's automotive parts business in the future.

All business segments of the Group have always adhered to the principle of “Respect for Nature, Harmony between Humanity and Nature”. To address the potential risks of climate change, the Group has put in place a series of countermeasures and contingency mechanisms requiring all business units to prevent natural risks, particularly the hazards and losses that may arise from extreme weather events, as well as to seize potential opportunities, such as developing alternative energy sources and improving resource efficiency, in order to mitigate and adapt to the negative impacts of climate change.

To reduce unnecessary losses caused by typhoons, the Group has put in place a series of preventive and control measures. In recent years, the damage caused by typhoons has been manageable, without any material financial impact or casualties. The relevant preventive and control measures include: (i) members of the logistical support team must be in place throughout the typhoon period; the team members are arranged to be on duty at the factory 24 hours a day; and the staff on duty should patrol the factory from time to time. If he/she finds a dangerous situation, he/she should immediately report it to the management; and (ii) if the building is tilted or cracked during a typhoon, the site commander should immediately direct emergency personnel to evacuate staff from the site to a safe area. A perimeter should be set up around the dangerous building and designated staff should be assigned to closely observe the condition of the building. If anyone is injured, the medical ambulance team must treat him/her on-site or take him/her to hospital.

Nanyang Cijan takes measures to suspend or restrict the production of welding and painting processes that produce exhaust gases according to the different meteorological warnings (such as red, orange, yellow and blue) issued by the government authorities under the smog conditions, and actively cooperates with the governments at all levels to prevent and control the smog, and makes positive efforts to prevent and control haze, to ensure air quality and to promote climate improvement in the region.

Furthermore, Nanyang Cijan will formulate and continuously improve its long-term transition plan for climate resilience in light of the low-carbon development trend of the automotive industry and its own operational characteristics. It will also advance the long-term transition toward optimised energy structure to align with the industry’s green development requirements and address both acute and chronic risks posed by climate change.

Meanwhile, based on the national industrial policies for the automotive industry, industry development trends and the operating conditions of automotive manufacturers, Nanyang Cijan will enhance market sensitivity, take customer demand as the orientation, and seize the opportunities in the new energy vehicle sector amid the global response to climate change to strive to develop more competitive new products and new markets.

The Group has not yet applied carbon pricing in its decision-making, nor has it incorporated climate-related factors into its remuneration policy. In recent years, the Group has continued to focus on and deepen our work related to climate change, including the preparation of regulations and systems for climate change risk management, the analysis of typical scenarios, and the promotion of green development, to tackle the climate challenges with our stakeholders and customers. The Group have been actively preparing and planning to gradually disclose more information on addressing climate change in the future.

#### 6.4 Environmental Education

It is the responsibility of each and every one of us to conserve resources and protect the environment. The Group focuses on developing staff's good habits by raising their environmental awareness and encouraging them to protect the environment in action.

The Group attaches great importance to the daily environmental education of staff. We actively promote the concept of environmental protection in the areas of water and electricity saving, conservation and recycling of paper and other resources, and call on all staff to "save energy and protect the environment, starting from me and starting from the little things around me". This has actively and effectively promoted the Group's environmental education and achieved remarkable results. In the 2025 Financial Year, Nanyang Cijan organised a number of training sessions for all staff on environmental protection education, including staff training, seminars on environmental protection, training on the use of environmental protection facilities, environmental knowledge competitions, and environmental protection practice theme activities.

### 7. COMMUNITY INVESTMENT

The Group is well aware of the importance of making positive contributions to the community it thrives in and treats the community interests as one of its social responsibilities. In addition to focusing on the Group's business development, we have also been actively involved in charitable activities to spread warmth and care to the community. To this end, the Group formulates community investment management systems and policies, allocates a certain percentage of its annual operating budget as project funds, participates in poverty alleviation projects, plans branded charity projects and cooperates with local charitable organisations such as the Red Cross and the Community Chest. In the 2025 Financial Year, the Group allocated donations of RMB210,000.

The Group supports employees to actively participate in various volunteer activities such as blood donation, material donation, environmental protection, charitable donations and community volunteer. The Group has cared for groups with different needs in the community, and paid further attention to the development of youths by offering exchange and internship activities, and by striving to provide youths with multiple development opportunities and to path their way to success.

## 8. FUTURE PROSPECT

Looking forward, the Group will continue to invest time and resources to realise the Group's sustainable development philosophy with a top-down approach and to continuously understand the expectations and needs of our stakeholders. We look forward to further creating values from sustainable development for our stakeholders by improving policies and measures.

The Group will integrate environmental values and education into the Group's operations, encouraging stakeholders of the Group to contribute to environmental protection to mitigate environmental impact. The Group will continue to perfect the relevant policies and measures to provide a healthy and safe work and study environment, striving to protect the safety and health of the Group's employees, customers and students. The Group will advance the construction and development of teams of talents through the implementation of a series of human resources policies, aligning employees' personal growth with the Group's future development and ensuring that employees give full play to their capabilities while working for the Group and achieving mutual development with the Group. The Group will continue to optimize and integrate resources, provide customers with high-quality products and services, actively build a green supply chain, and promote the green and sustainable development of the industry.

The Group will actively fulfill corporate social responsibility and adhere to our sustainable development strategy. We will try our best to mitigate the environmental and social impact of our business operations and turn ESG risks into opportunities. In the meantime, we will work closely with our stakeholders, and continue to contribute to society through joint efforts.

## 9. PERFORMANCE DATA

### 9.1 Environmental Performance Data

Type	Unit	For the year ended 31 December					
		2025		2024		2023	
		Volume	Intensity <sup>1</sup>	Volume	Intensity <sup>1</sup>	Volume	Intensity <sup>1</sup>
<b>Performance of pollutants emissions</b>							
<b>Air pollutants<sup>2</sup></b>							
Sulphur oxide (SO <sub>x</sub> )	Kg	530.92	0.18	436.58	0.18	485.72	0.25
Nitrogen oxide (NO <sub>x</sub> )	Kg	6,464.87	2.14	8,703.78	3.55	10,193.46	5.26
Particulate matter (PM)	Kg	952.96	0.32	1,432.01	0.58	1,687.42	0.87
Carbon monoxide (CO)	Kg	3,184.50	1.06	5,228.28	2.13	6,609.68	3.41
<b>GHG Emissions</b>							
Total GHG emissions <sup>3</sup>	Tonnes CO <sub>2</sub> e	29,938.20	9.92	21,407.40	8.72	21,055.05	10.86
Direct GHG emissions (Scope 1) <sup>4</sup>	Tonnes CO <sub>2</sub> e	508.60	0.17	802.78	0.33	1,002.32	0.52
Indirect GHG emissions from energy use (Scope 2) <sup>5</sup>	Tonnes CO <sub>2</sub> e	29,450.58	9.76	20,625.59	8.40	20,073.70	10.36
Reduction of GHG emissions from planted trees (Scope 1) <sup>6</sup>	Tonnes CO <sub>2</sub> e	20.98	0.01	20.98	0.01	20.98	0.01

- Intensity is volume/No. of employees, the number of employees used for the density of the environmental performance indicators was the number of employees at the end of relevant year.
- The calculation methods and related emission factors of air pollutants emitted by stationary sources, non-road mobile sources and on-road mobile sources were referenced to the *Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources and the Discharge Coefficients of Urban Life Pollutants in the First National Survey of Pollution Sources* issued by the Institute of Standards of the Ministry of Ecology and Environment of the PRC, the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC, and the *EMEP/EEA Air Pollutant Emission Inventory Guidebook 2016* issued by the European Environment Agency. The air pollutants of the use of boilers from the automotive parts business were recorded by a monitoring system.
- The total GHG emissions were calculated to include the Group's direct GHG emissions (Scope 1) and indirect GHG emissions from electricity (Scope 2), with the deduction of emissions due to planted trees (Scope 1).
- Direct GHG emissions (Scope 1) were calculated using the calculation methods and relevant emission factors with reference to the *How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange.
- The calculation methodology for indirect GHG emissions from electricity consumption (Scope 2) and the relevant emission factors are formulated with reference to the *Guidelines for Enterprise Greenhouse Gas Emission Accounting and Reporting (Power Generation Facilities, Revised 2022)* issued by the Ministry of Ecology and Environment of the PRC. For the 2025 Financial Year, the calculation is also formulated by reference to the *Announcement on Issuing the 2023 Power Sector Carbon Dioxide Emission Factor* issued by the Ministry of Ecology and Environment of the PRC and the 2024 Sustainability Report published by Hongkong Electric Investment Co., Limited. For the 2024 Financial Year, the calculation is also formulated by reference to the *Announcement on Issuing the 2022 Power Sector Carbon Dioxide Emission Factor* issued by the Ministry of Ecology and Environment of the PRC and the 2023 Sustainability Report published by Hongkong Electric Investment Co., Limited. For the year ended 31 December 2023, the calculation is formulated by reference to the 2022 Sustainability Report published by Hongkong Electric Investment Co., Limited.
- The GHG emissions reduced from the planted trees (Scope 1) were calculated with reference to the *How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange.

Type	Unit	For the year ended 31 December					
		2025		2024		2023	
		Volume	Intensity <sup>1</sup>	Volume	Intensity <sup>1</sup>	Volume	Intensity <sup>1</sup>
<b>Performance of pollutants emissions (Continued)</b>							
<b>Hazardous wastes<sup>7</sup></b>							
Waste oil containers and waste mineral oil	Tonnes	14.64	4.85 x 10 <sup>-3</sup>	13.20	5.38 x 10 <sup>-3</sup>	14.40	7.43 x 10 <sup>-3</sup>
Hazardous sludge generated from the wastewater treatment facilities	Tonnes	12.00	3.98 x 10 <sup>-3</sup>	12.20	4.89 x 10 <sup>-3</sup>	12.00	6.19 x 10 <sup>-3</sup>
Paint waste	Tonnes	13.20	4.38 x 10 <sup>-3</sup>	12.20	4.89 x 10 <sup>-3</sup>	12.00	6.19 x 10 <sup>-3</sup>
Waste mercury-containing tubes	Pieces	44.00	0.01	35.00	0.01	48.00	0.02
Ink or toner cartridge	Pieces	24.00	0.01	31.00	0.01	32.00	0.02
Waste battery	Pieces	49.00	0.02	100.00	0.04	213.00	0.11
<b>Non-hazardous wastes<sup>8</sup></b>							
Total non-hazardous wastes	Tonnes	2,718.97	0.90	4,245.50	1.73	2,754.37	1.42
Domestic waste	Tonnes	14.24	4.72 x 10 <sup>-3</sup>	10.65	4.34 x 10 <sup>-3</sup>	10.26	5.29 x 10 <sup>-3</sup>
Food waste	Tonnes	6.00	1.99 x 10 <sup>-3</sup>	5.76	2.35 x 10 <sup>-3</sup>	5.76	2.97 x 10 <sup>-3</sup>
Paper	Tonnes	40.36	0.01	62.91	0.03	42.13	0.02
Non-hazardous sludge generated from the wastewater treatment facilities	Tonnes	12.00	3.98 x 10 <sup>-3</sup>	12.00	4.89 x 10 <sup>-3</sup>	12.00	6.19 x 10 <sup>-3</sup>
Waste oil	Tonnes	0.43	1.43 x 10 <sup>-4</sup>	0.36	1.47 x 10 <sup>-3</sup>	0.60	3.10 x 10 <sup>-4</sup>
Plastic	Tonnes	15.89	5.27 x 10 <sup>-3</sup>	5.43	2.21 x 10 <sup>-3</sup>	16.07	8.29 x 10 <sup>-3</sup>
Metal	Tonnes	3.57	1.18 x 10 <sup>-3</sup>	1.69	6.87 x 10 <sup>-4</sup>	4.31	2.22 x 10 <sup>-3</sup>
Iron	Tonnes	2,620.96	0.87	4,145.56	1.69	2,657.40	1.37
Wood	Tonnes	5.52	1.83 x 10 <sup>-3</sup>	1.15	4.68 x 10 <sup>-4</sup>	5.84	3.01 x 10 <sup>-3</sup>

7. The data scope of waste oil containers and waste mineral oil, hazardous sludge generated from the wastewater treatment facilities and paint waste only includes the automotive parts business.

8. The data scope of non-hazardous sludge generated from the wastewater treatment facilities and waste oil only includes the automotive parts business.

Type	Unit	For the year ended 31 December					
		2025		2024		2023	
		Volume	Intensity <sup>1</sup>	Volume	Intensity <sup>1</sup>	Volume	Intensity <sup>1</sup>
<b>Performance of pollutants emissions (Continued)</b>							
<b>Recyclable goods</b>							
Recyclable goods (including non-hazardous wastes such as food waste, paper, waste oil, plastic, metal, iron and wood)	Tonnes	2,698.69	0.89	4,229.09	1.72	2,738.35	1.41
Percentage of non-hazardous waste recycled	Percentage	99.25%		99.61%		99.42%	
<b>Wastewater<sup>9</sup></b>							
Total wastewater	Tonnes	55,400.00	18.36	55,126.80	22.46	80,416.00	41.49
Industrial wastewater	Tonnes	47,600.00	15.78	47,326.80	19.29	73,216.00	37.78
Domestic Sewage	Tonnes	7,800.00	2.59	7,800.00	3.18	7,200.00	3.72
<b>Use of Resources</b>							
<b>Energy</b>							
Electricity	kWh in '000s	55,502.13	18.40	38,422.87	15.66	35,187.07	18.16
Gasoline	Litres	15,750.00	5.22	17,410.00	7.09	17,138.00	8.84
Diesel	Litres	176,982.00	58.66	287,697.00	117.24	364,227.00	187.94
Natural gas	m <sup>3</sup>	524,436.61	173.83	73,815.30	30.08	45,112.30	23.28

9. The data scope of wastewater only includes the automotive parts business. Since the domestic sewage generated by offices of the education management and consultation business and the financial services business was discharged through municipal pipelines and was controlled by third-party property management companies, relevant data was not included into the data scope.

Type	Unit	For the year ended 31 December					
		2025		2024		2023	
		Volume	Intensity <sup>1</sup>	Volume	Intensity <sup>1</sup>	Volume	Intensity <sup>1</sup>
<b>Use of Resources (Continued)</b>							
<b>Water<sup>10</sup></b>							
Municipal water	Tonnes	4.00	1.30 x 10 <sup>-3</sup>	3.60	1.50 x 17 <sup>-3</sup>	3.60	1.90 x 17 <sup>-3</sup>
Groundwater	Tonnes	70,888.00	23.50	47,326.80	19.29	48,909.00	25.24
Wastewater reused	Tonnes	21,264.00	7.05	19,707.00	8.03	17,142.00	8.85
<b>Paper</b>							
Paper	Tonnes	336.29	0.11	277.09	0.11	74.84	0.04
<b>Use of packaging materials<sup>11</sup></b>							
Paper	Tonnes	208.50	6.61 x 10 <sup>-6</sup>	206.50	1.36 x 10 <sup>-5</sup>	93.20	7.48 x 10 <sup>-6</sup>
Metal	Tonnes	3,088.80	9.80 x 10 <sup>-5</sup>	3,042.00	2.01 x 10 <sup>-4</sup>	1,690.00	1.36 x 10 <sup>-4</sup>
Plastic	Tonnes	37.00	1.17 x 10 <sup>-6</sup>	34.00	2.24 x 10 <sup>-6</sup>	105.00	8.43 x 10 <sup>-6</sup>
Wood	Tonnes	66.40	2.11 x 10 <sup>-6</sup>	63.60	4.20 x 10 <sup>-6</sup>	750.00	6.02 x 10 <sup>-5</sup>
Shared logistics boxes	Tonnes	51,408.00	1.63 x 10 <sup>-3</sup>	34,272.00	2.26 x 10 <sup>-3</sup>	4,284.00	3.44 x 10 <sup>-4</sup>

10. The data scope of groundwater and wastewater reused only includes the automotive parts business. Since the municipal water generated by offices of the education management and consultation business and the financial services business was supplied through municipal pipelines and was controlled by third-party property management companies, relevant data was not included into the data scope.
11. The data scope only includes the packaging materials used by the automotive parts business.

## 9.2 Social Performance Data

Item	Unit	As at 31 December							
		2025		2024		2023			
		No.	Rate	No.	Rate	No.	Rate		
<b>Total Workforce</b>									
No. and rate of	Total	Employee	3,017	100%	2,454	100.00%	1,938	100.00%	
employees	By gender	Male	Employee	2,197	72.82%	1,716	69.93%	1,315	67.85%
		Female	Employee	820	27.18%	738	30.07%	623	32.15%
By employment category	Senior management	Employee	34	1.06%	34	1.39%	29	1.50%	
		Middle management	Employee	108	3.58%	118	4.81%	113	6.89%
			General	Employee	2,877	95.36%	2,302	93.81%	1,784
By employment type	Full-time	Employee	2,852	94.53%	2,326	94.78%	1,938	100.00%	
		Part-time	Employee	165	5.47%	128	5.22%	-	-
By age group	Age 30 and below	Employee	795	26.35%	627	25.55%	377	19.45%	
		31-40	Employee	1,191	39.48%	951	38.75%	800	41.28%
		41-50	Employee	705	23.37%	594	24.21%	497	25.64%
		Age 51 and above	Employee	326	10.81%	282	11.49%	264	13.62%
By geographical region	China	Employee	2,961	98.14%	2,392	97.47%	1,903	98.19%	
		Outside China	Employee	56	1.86%	62	2.53%	35	1.81%

Item	Unit	As at 31 December							
		2025		2024		2023			
		No.	Rate	No.	Rate	No.	Rate		
<b>Employee Turnover<sup>12</sup></b>									
No. and rate of employee turnover	Total	Employee	633	23.11%	246	11.20%	284	15.20%	
	By gender	Male	Employee	502	25.63%	178	11.76%	217	17.23%
		Female	Employee	131	16.79%	68	9.97%	67	10.99%
	By employment category	Senior management	Employee	2	5.88%	4	11.94%	3	9.68%
		Middle management	Employee	14	12.39%	9	7.53%	11	8.91%
		General	Employee	617	23.81%	233	11.40%	270	15.75%
	By age group	Age 30 and below	Employee	269	38.02%	124	24.68%	124	38.33%
		31-40	Employee	227	21.16%	90	10.60%	113	14.55%
		41-50	Employee	114	17.46%	24	4.32%	35	7.04%
		Age 51 and above	Employee	23	7.54%	8	2.77%	12	4.42%
	By geographical region	China	Employee	619	23.10%	238	11.16%	272	14.86%
		Outside China	Employee	14	23.73%	8	12.80%	12	30.77%
<b>Development and Training<sup>12</sup></b>									
No. and percentage of employees trained	Total	Employee	1,384	50.54%	1,806	82.24%	1,707	91.33%	
	By gender	Male	Employee	908	46.36%	1,260	83.22%	1,148	91.15%
		Female	Employee	476	61.03%	546	80.06%	559	91.71%
	By employment category	Senior management	Employee	20	58.82%	22	65.67%	20	64.52%
		Middle management	Employee	71	62.83%	106	88.70%	108	87.45%
		General	Employee	1,293	49.89%	1,678	82.13%	1,579	92.10%
Average no. of training hours per employee	Total average	Hour	2.62		83.50		6.55		
	By gender	Male	Hour	2.10		86.23		6.65	
		Female	Hour	3.93		77.40		6.33	
	By employee category	Senior management	Hour	8.91		52.92		24.82	
		Middle management	Hour	13.14		85.84		31.79	
		General	Hour	2.08		83.91		4.40	
<b>Occupational Health and Safety<sup>12</sup></b>									
No. and rate of work-related fatalities		Employee	0	0.00%	0	0.00%	0	0.00%	
No. and rate of work injury		Employee	10	0.37%	4	0.18%	5	0.27%	
No. of lost days due to work injury		Day	505		267		231		

12. The number of employees used for calculating the social performance indicators (including employee turnover rate, rate of employees trained, rate of work-related fatalities or injuries) is the average of the number of employees of specific group at the beginning and at the end of the respective years.

Item	Unit	As at 31 December							
		2025		2024		2023			
		No.	Rate	No.	Rate	No.	Rate		
<b>Supply Chain Management</b>									
No. and percentage of suppliers	Total	Supplier	84	100.00%	82	100.00%	104	100.00%	
	By geographical region	China	Supplier	69	82.14%	67	81.71%	86	82.69%
		Outside China	Supplier	15	17.86%	15	18.29%	18	17.31%
<b>Product Responsibility</b>									
Complaints received concerning products or services	No. of complaints received	Case	11		0		0		
	No. and rate of complaints resolved	Case	11	100.00%					
Products sold or shipped subject to recalls for safety and health reasons <sup>13</sup>	Total products sold or shipped	Piece	31,523,930		15,159,228		12,451,976		
	No. and rate of total products subject to recalls for safety and health reasons	Piece	0	0.00%	0	0.00%	0	0.00%	
<b>Anti-corruption</b>									
No. of concluded legal cases regarding corrupt practices brought against the Group or our employees		Case	0		0		0		
<b>Community Investment</b>									
Donation amount		RMB'000	210		280		224		
Employees' volunteering hours		Hour	146		144		1,910		

13. The data scope only includes the automotive parts business.

# Independent Auditor's Report



## TO THE SHAREHOLDERS OF CHINA FIRST CAPITAL GROUP LIMITED

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

### DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China First Capital Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 102 to 206, which comprise:

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

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance 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

### Multiple Uncertainties Relating to Going Concern

As set out in Note 2.1.1 to the consolidated financial statements, the Group reported a loss attributable to owners of the Company of approximately RMB342 million for the year ended 31 December 2025. As at 31 December 2025, the Group had accumulated losses and deficit in equity of approximately RMB2,352 million and approximately RMB2,117 million, respectively and the Group's current liabilities exceeded its current assets by approximately RMB2,620 million. As at the same date, the Group had total borrowings and convertible bonds of approximately RMB3,595 million, of which approximately RMB3,421 million were classified as current liabilities due within one year, while its bank balances and cash amounted to approximately RMB293 million only. In addition, as at 31 December 2025, the total outstanding principals and accrued interests of borrowings and convertible bonds amounted to approximately RMB2,094 million were in default and were classified as current liabilities. A winding-up petition ("**Petition**") against the Company by a creditor with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**Court**") was allowed on 8 April 2025. The Court decided that the hearing of the Petition be adjourned to 20 April 2026.

These conditions, together with other matters described in Note 2.1.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of plans and measures to mitigate the Group's liquidity pressure and improve its financial position, which are set out in Note 2.1.1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including (i) the successful debt restructuring with the creditors of the Company for unsecured debts; (ii) the successful negotiations with lenders of bank and other borrowings which are overdue or due for repayment within twelve months from the date of the statement of financial position, for the renewal and/or extension of repayment; (iii) the successful generation of adequate operating cash inflows from its existing automotive parts, education management and consultation, and financial services businesses; (iv) the successful injection of cash generating businesses from new investors; (v) the successful obtaining of new sources of financing as and when needed; and (vi) the successful divesting of the Group's non-core assets within the expected timeframe. By implementing the above-mentioned plans and measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future and therefore, the Group has the ability to continue as a going concern and will continue its operations for at least 12 months from 31 December 2025. Accordingly, the directors of the Company are of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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 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 the adjustments have not been reflected in these consolidated financial statements.

## RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE 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 ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, 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 due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements.

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

The engagement partner on the audit resulting in this independent auditor's report is Kwok Chi Kan.

### **Linksfield CPA Limited**

*Certified Public Accountants*

### **Kwok Chi Kan**

*Practising Certificate Number: P06958*

Hong Kong, 25 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	5	3,446,783	2,187,216
Cost of sales and services		(2,829,168)	(1,844,587)
Gross profit		617,615	342,629
Other income and expenses	7	71,060	72,096
Other gains and losses, net	8	5,715	(45,126)
Expected credit losses ("ECL"), net of reversal		(295,801)	(182,516)
Selling and distribution expenses		(122,047)	(82,375)
Research and development expenditure		(122,573)	(115,723)
Administrative expenses		(240,751)	(207,965)
Operating losses		(86,782)	(218,980)
Finance costs	11	(227,560)	(234,063)
Share of results of associates	17(c)	(383)	(2,390)
Share of results of joint ventures	18	(53,959)	4,166
Impairment losses on interest in an associate		(1,611)	–
Fair value changes of financial assets measured at fair value through profit or loss ("FVTPL")		51,952	(34,184)
Loss before income tax	9	(318,343)	(485,451)
Income tax credit	12	11,025	14,555
<b>Loss for the year</b>		<b>(307,318)</b>	<b>(470,896)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Item that may not be reclassified subsequently to profit or loss:</i>			
Currency translation differences		91,186	(14,793)
Other comprehensive income/(loss) for the year, net of income tax		91,186	(14,793)
<b>Total comprehensive loss for the year</b>		<b>(216,132)</b>	<b>(485,689)</b>

Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*  
For the year ended 31 December 2025

Notes	2025 RMB'000	2024 RMB'000
<b>(Loss)/profit for the year attributable to:</b>		
Owners of the Company	<b>(341,679)</b>	(393,183)
Non-controlling interests	<b>34,361</b>	(77,713)
	<b>(307,318)</b>	(470,896)
<b>Total comprehensive (loss)/income for the year attributable to:</b>		
Owners of the Company	<b>(250,284)</b>	(408,051)
Non-controlling interests	<b>34,152</b>	(77,638)
	<b>(216,132)</b>	(485,689)
<b>Loss per share attributable to owners of the Company (RMB)</b>		
14		
Basic loss per share	<b>(0.18)</b>	(0.21)
Diluted loss per share	<b>(0.18)</b>	(0.21)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with accompanying notes.

# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	537,848	517,864
Right-of-use assets	16(i)	93,361	97,496
Interests in associates	17	15,041	16,688
Interests in joint ventures	18	–	71,139
Intangible assets	19	67,799	109,339
		<b>714,049</b>	812,526
<b>Current assets</b>			
Inventories	24	309,325	141,824
Amount due from a joint venture	23	–	80,988
Amount due from an associate	17(d)	3,826	3,730
Trade and other receivables	22	2,183,891	1,491,900
Loans and interests receivables	25	7,761	7,430
Financial assets measured at FVTPL	21	113,131	86,046
Financial guarantee assets measured at FVTPL	26	86,528	87,248
Restricted bank balances	27	259,984	228,662
Bank balances and cash	27	293,481	147,384
		<b>3,257,927</b>	2,275,212
<b>Total assets</b>		<b>3,971,976</b>	3,087,738
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	33	155,959	155,959
Reserves		(2,283,599)	(2,033,315)
		<b>(2,127,640)</b>	(1,877,356)
Non-controlling interests		10,427	(26,148)
<b>Total deficit in equity</b>		<b>(2,117,213)</b>	(1,903,504)

Consolidated Statement of Financial Position (Continued)

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	29	174,445	181,832
Lease liabilities	16(ii)	2,045	4,252
Deferred income	31	18,634	23,638
Deferred tax liabilities	20	16,337	27,375
		<b>211,461</b>	237,097
<b>Current liabilities</b>			
Trade and other payables	28	2,254,829	1,683,468
Borrowings	29	2,260,680	1,865,339
Convertible bonds	30	1,160,217	1,084,517
Lease liabilities	16(ii)	4,504	5,959
Income tax payable		17,040	18,851
Deferred income	31	11,405	5,005
Contract liabilities	5(iv)	104,251	38,968
Provisions	32	64,802	52,038
		<b>5,877,728</b>	4,754,145
Total liabilities		<b>6,089,189</b>	4,991,242
Total equity and liabilities		<b>3,971,976</b>	3,087,738
Net current liabilities		<b>(2,619,801)</b>	(2,478,933)

The consolidated financial statements on pages 102 to 206 were approved by the board of directors of the Company on 25 March 2026 and were signed on its behalf.

**Dr. Wilson SEA**  
Director

**Dr. ZHU Huanqiang**  
Director

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

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company							Sub-Total	Non-controlling interests	Total deficit in equity
	Share capital	Capital reserve	Surplus reserve	Share option reserve	Translation reserve	Development reserve	Accumulated losses			
	RMB'000	RMB'000 (Note a)	RMB'000 (Note b)	RMB'000	RMB'000	RMB'000 (Note c)	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2024</b>	155,959	56,832	40,628	4,360	(141,454)	31,348	(1,616,978)	(1,625,264)	51,490	(1,417,815)
Loss for the year	-	-	-	-	-	-	(393,183)	(393,183)	(77,713)	(470,896)
<b>Other comprehensive (loss)/income</b>										
Currency translation difference	-	-	-	-	(14,868)	-	-	(14,868)	75	(14,793)
<b>Total comprehensive loss for the year</b>	-	-	-	-	(14,868)	-	(393,183)	(408,051)	(77,638)	(485,689)
<b>Balance at 31 December 2024</b>	155,959	56,832	40,628	4,360	(156,322)	31,348	(2,010,161)	(2,033,315)	(26,148)	(1,903,504)
<b>Balance at 1 January 2025</b>	155,959	56,832	40,628	4,360	(156,322)	31,348	(2,010,161)	(2,033,315)	(26,148)	(1,903,504)
(Loss)/profit for the year	-	-	-	-	-	-	(341,679)	(341,679)	34,361	(307,318)
<b>Other comprehensive income/(loss)</b>										
Currency translation difference	-	-	-	-	91,395	-	-	91,395	(209)	91,186
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	91,395	-	(341,679)	(250,284)	34,152	(216,132)
Non-controlling interests arising on the incorporation of a subsidiary (Note d)	-	-	-	-	-	-	-	-	2,423	2,423
<b>Balance at 31 December 2025</b>	155,959	56,832	40,628	4,360	(64,927)	31,348	(2,351,840)	(2,283,599)	10,427	(2,117,213)

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

## Notes:

- (a) The balance comprises (i) reserves arose from various reorganisation to streamline the Group's structure prior to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited in prior years and (ii) the difference between the carrying amount of contingent consideration payable derecognised and 5% of the net assets value of subsidiaries disposed of in prior year.
- (b) The balance comprises statutory surplus reserve and discretionary surplus reserve, which are non-distributable and the transfer to these reserves is determined according to the relevant laws in the People's Republic of China ("**China**" or the "**PRC**", for the purpose of this report, shall exclude the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), the Macau Special Administrative Region of the PRC and Taiwan) and by the board of directors of the PRC subsidiaries in accordance with the articles of associate of the subsidiaries.

Statutory surplus reserve can be used to make up for previous years' losses or convert into additional capital of the PRC subsidiaries of the Company. Discretionary surplus reserve can be used to expand the existing operations of the Company's PRC subsidiaries.

- (c) According to the relevant PRC laws and regulations, private school is required to appropriate to development fund of not less than 25% of the annual net income of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.
- (d) In December 2025, the Group entered into an investment agreement with Shanghai Cijan Automobile Suspension System Co., Ltd ("**SH Cijan**"), to set up Morocco Cijan Vehicle Suspension ("**Morocco Cijan**"). The registered capital of Morocco Cijan was USD2,833,500 (equivalent to approximately RMB19,780,000). The interest of the Group and SH Cijan in Morocco Cijan was 51% and 49%, respectively. 25% of the registered capital was paid during the year ended 31 December 2025.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations	38(a)	(53,984)	(179,213)
The PRC Enterprise Income Tax paid		(1,824)	(355)
<b>Net cash used in operating activities</b>		<b>(55,808)</b>	(179,568)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	15	(110,411)	(98,508)
Payments for acquisition of intangible assets	19	(309)	(4,395)
Interest received		2,336	3,240
Dividends received from financial assets measured at FVTPL		472	6
Net cash outflows from disposal of subsidiaries	34	(91)	(6,422)
Purchase of financial assets measured at FVTPL		–	(9,317)
Proceeds from disposal of right-of-use assets		–	20,775
Proceeds from disposal of financial assets measured at FVTPL		25,134	19,235
Increase in amount due from a joint venture		–	(15)
(Increase)/decrease in amount due from an associate		(96)	679
Loan to an independent third party		–	37,200
<b>Net cash used in investing activities</b>		<b>(82,965)</b>	(37,522)
<b>Cash flows from financing activities</b>			
Interest paid	38(b)	(33,441)	(19,736)
Principal elements of lease payments	38(b)	(8,135)	(9,389)
Interest elements of lease payments	38(b)	(435)	(732)
New borrowings raised	38(b)	1,004,793	837,531
Repayment of borrowings	38(b)	(681,540)	(613,951)
Capital injection from the non-controlling shareholder of a subsidiary		2,423	–
<b>Net cash generated from financing activities</b>		<b>283,665</b>	193,723
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>144,892</b>	(23,367)
Cash and cash equivalents at beginning of year		147,384	171,613
Effect of foreign exchange rate changes		1,205	(862)
<b>Cash and cash equivalents at end of year</b>		<b>293,481</b>	147,384

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

# Notes to the Consolidated Financial Statements

## 1 GENERAL INFORMATION

China First Capital Group Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 27 April 2011. The shares of the Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) with effect from 23 November 2011. Up to the date of issuance of these consolidated financial statements, the Company does not have a controlling party. The registered office and principal place of the Company is set out in section under heading of “Corporate Information” of the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in Note 40(a).

These consolidated financial statements are presented in thousands of units of Renminbi (“**RMB’000**”), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors of the Company (the “**Directors**”) on 25 March 2026.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared in accordance with HKFRS under the historical cost basis, except for certain financial instruments, which that are measured at fair value.

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

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### 2.1.1 Going concern

For the year ended 31 December 2025, the Group reported a loss attributable to owners of the Company of approximately RMB342 million (31 December 2024: approximately RMB393 million). As at 31 December 2025, the Group had accumulated losses and deficit in equity of approximately RMB2,352 million and approximately RMB2,117 million, respectively (31 December 2024: approximately RMB2,010 million and approximately RMB1,904 million, respectively) and the Group's current liabilities exceeded its current assets by approximately RMB2,620 million (31 December 2024: approximately RMB2,479 million). As at the same date, the Group had total borrowings and convertible bonds amounted to approximately RMB3,595 million (31 December 2024: approximately RMB3,132 million), of which approximately RMB3,421 million (31 December 2024: approximately RMB2,950 million) were classified as current liabilities due within one year, while its bank balances and cash amounted to approximately RMB293 million (31 December 2024: approximately RMB147 million) only. In addition, as at 31 December 2025, the total outstanding principals and accrued interests of borrowings and convertible bonds amounted to approximately RMB2,094 million (31 December 2024: approximately RMB2,064 million) were in default and were classified as current liabilities. A winding-up petition ("**Petition**") against the Company by a creditor with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**Court**") was allowed on 8 April 2025. The hearing of the Petition was scheduled to be held on 12 January 2026. On 12 January 2026, it was decided by the Court that the hearing of the Petition be adjourned to 20 April 2026.

The above conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

In view of such circumstances, the Directors 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. Certain 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:

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### 2.1.1 Going concern (Continued)

- (i) the Company has appointed a restructuring advisor and a legal advisor to assist in formulating a restructuring plan and execute the Company's restructuring exercise. The Company continues to proactively communicate and work with its creditors on its restructuring plan. On 2 January 2026, the Company entered into a restructuring support agreement (the "**Restructuring Support Agreement**") with the initial participating creditors intending to implement the proposed restructuring by way of a scheme of arrangement under the laws of Hong Kong (the "**Scheme**"). As at the date of this report, the Directors are confident that the Court will allow the Company to convene the Scheme meeting and the Scheme will be approved by the eligible creditors of the Company for participating the debt restructuring plan;
- (ii) the Group has been actively negotiating with lenders for the renewal and/or extension of bank and other borrowings which are overdue or will be due for repayment within twelve months from the date of the statement of financial position;
- (iii) the Group continues to develop and operate the automotive parts, education management and consultation, and financial services businesses segments such that they can bring operating cash inflows to the Group;
- (iv) the Group has been actively exploring and negotiating with potential investors to introduce business opportunities with strong profitability and good development prospects to improve its cash flow position;
- (v) the Group has been actively seeking new sources of financing to enhance the financial position and support the operations of the Group; and
- (vi) the Group has been actively looking for potential buyers for its non-core assets, including those as collateral to the secured debts, so as to improve its liquidity and settle the secured debts, if necessary.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.1 Basis of preparation *(Continued)*

#### 2.1.1 Going concern *(Continued)*

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2025. They are of the opinion that, taking into account the above-mentioned plans and measures, the projections are prepared on a rational basis and 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 of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfilment of the following plans:

- (i) obtaining the approval by the Court to convene the Scheme meeting and approval by the creditors of the Company to execute the restructuring exercise;
- (ii) obtaining the renewal and/or extension of bank and other borrowings which are overdue or due for repayment within twelve months from the date of statement of financial position;
- (iii) generating adequate operating cash inflows from its existing automotive parts, education management and consultation, and financial services businesses;
- (iv) securing injection of cash generating businesses from new investors;
- (v) obtaining new sources of financing as and when needed; and
- (vi) divesting the Group's non-core assets within the expected timeframe.

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 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.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### 2.1.2 Changes in accounting policy and disclosures

##### (a) Amendments to standards and interpretation adopted by the Group

The Group has applied the following amendments to standards and interpretation for the first time for its annual reporting period commencing 1 January 2025:

HKAS 21 and HKFRS 1                      Lack of Exchangeability (Amendments)

The adoption of these amendments and interpretation has had no significant impact on the results and financial position of the Group. The Group has not changed significantly on its material accounting policies or make retrospective adjustments as a result of adopting these amendments and interpretation.

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

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

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (Amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards	1 January 2026
HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity (Amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 19	Amendments to HKFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Amendments)	1 January 2027
HKAS 21	Translation to a Hyperinflationary Presentation Currency (Amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	To be determined

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### 2.1.2 Changes in accounting policy and disclosures (Continued)

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

In July 2024, HKICPA issued HKFRS 18 which is effective for the Group's annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The Group is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

There are no other new standards, amendments and interpretation that are not yet effective and that would be expected to have a material impact on the Group's consolidated financial statements. The Group will adopt the above new standards, amendments to existing standards and interpretations when they become effective.

### 2.2 Principles of consolidation and equity accounting

#### (i) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group.

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

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

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### (ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

#### (iii) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

#### (iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described below.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### (v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### 2.3 Separate financial statements

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

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

### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The management, including the chief executive officer, the chief financial officer and other executives, assesses the financial performance and position of the Group, and makes strategic decisions.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.5 Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income, within other gains and losses, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

#### (iii) Group companies

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

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

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.5 Foreign currency translation (Continued)

#### (iii) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

#### (iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

### 2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.6 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The principal annual rates are as follows:

Buildings	Over the shorter of the term of the lease, or 20-40 years
Motor vehicles	5-10 years
Furniture, fixtures and equipment	5-7 years
Machinery	4-15 years
Leasehold improvement	Over the shorter of the term of the lease, or 5-7 years

Construction in-progress represents property, plant and equipment under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### 2.7 Intangible assets

#### (i) Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.7 Intangible assets (Continued)

#### (ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

#### (iii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (ii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### (iv) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over their respective useful life.

The following items are amortised on a straight-line basis over the useful life from the acquisition date:

Customer relationship	8–10 years
Patents	4 years
Software	7–10 years

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.9 Financial assets

#### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.9 Financial assets (Continued)

#### (iii) Measurement (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 are two measurement categories into which the Group classifies its debt instruments:

- (i) **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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- (ii) **FVTPL:** Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented as separate line item in the statement of profit or loss and other comprehensive income in the period in which it arises.

##### **Equity instruments**

The Group subsequently measures all equity investments at fair value and where the Group's management does not elect to present fair value gains and losses on equity investments in other comprehensive income. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVTPL are recognised as separate line item in the statement of profit or loss and other comprehensive income.

#### (iv) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instrument carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Impairment on other financial assets at amortised cost is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.9 Financial assets (Continued)

#### (v) Financial guarantee assets

Financial guarantee assets are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs when the Group fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees received, which is not considered to be integral to the underlying debt instrument, are initially recognised at fair value. Subsequent to the initial recognition, the financial guarantee assets are then measured at FVTPL. Any increase or decrease in the fair value of financial guarantee assets is recognised in fair value changes of financial assets measured at FVTPL.

### 2.10 Financial liabilities

#### (a) Recognition and measurement

Financial liabilities are classified as financial liabilities at FVTPL and amortised cost. Financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred and subsequently stated at amortised cost, using effective interest method. Any difference between proceeds net of transaction costs and the redemption value is recognised in profit or loss over the period of the financial liabilities using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### (b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

### 2.12 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

### 2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

### 2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.16 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are expensed in the period in which they are incurred.

### 2.18 Compound financial instruments

The component parts of the convertible bonds are classified separately as financial liability, conversion option and conversion-veto option in accordance with the substance of the contractual arrangement and the definitions of a financial liability and derivative. A conversion option and convertible-veto option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments are derivatives.

At the date of issue, the liability, conversion option and conversion-veto option are recognised at fair value.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.18 Compound financial instruments (Continued)

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option and conversion-veto option are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative components are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

#### **Embedded derivatives**

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

### 2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### **Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.19 Current and deferred income tax (Continued)

#### Deferred income tax

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

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

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 2.20 Employee benefits

#### (i) Short-term obligations

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

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

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.20 Employee benefits (Continued)

#### (ii) Retirement benefit costs

Payments to the state-managed retirement benefit scheme or the Mandatory Provident Fund Scheme are recognised as expense when employees have rendered services entitling them to the contributions.

The employees of the Group are members of state-managed retirement benefit scheme operated by the PRC government or members of the Mandatory Provident Fund Scheme in Hong Kong, or members of the Central Provident Fund in Singapore. The Group are required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

### 2.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### 2.22 Revenue recognition

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

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

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.22 Revenue recognition (Continued)

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

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

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

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

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of automobile absorbers
- Provision of management and consultation services to educational institutions
- Provision of financial and advisory services

The payment terms differed for different customers due to the variety of revenue streams. The Group does not intend to give a financing to customers and the Group make efforts to collect the receivables and timely monitor the credit risk.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.22 Revenue recognition (Continued)

For the sales of automobile absorbers, revenue is recognised at a point in time when a customer obtains control of the goods, i.e. upon fulfilment of performance obligation stipulated in the contracts and goods are delivered to the customers.

For provision of management and consultation services to educational institutions by conducting tutorial/teaching, revenue is recognised proportionately over the relevant period of school semesters, i.e. over the period of time for the continuous benefits are provided to educational institutions during the relevant period.

For provision of overseas study consultation services to students, revenue is recognised at a point in time when the Group has fulfilled its performance obligation, i.e. when the students have accepted offer from overseas universities.

For the provision of financial and advisory services, specific price for individual performance obligation is indicated in the contract. For the provision of private equity fund management, the revenue is recognised proportionately over the relevant period of services contracts as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from the provision of other financial and advisory services, underwriting and dealing services is recognised at a point in time when the customer obtains control of the distinct service, i.e. upon the fulfilment of performance obligation stipulated in the contract and service is delivered to the customer.

#### **Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation – output method**

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

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.23 Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.24 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.24 Leases *(Continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

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

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

To determine the incremental borrowing rate, the Group:

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

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.24 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

### 2.25 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### 2.26 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.27 Share-based payments

Share-based compensation benefits are provided to employees via the share option scheme and share award scheme. Information relating to the scheme is set out in Note 39.

#### Share options

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to other reserve. When the share options forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT

### 3.1 Financial risk factors

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

#### (a) Market risk

##### (i) Price risk

The Group hold listed equity investments, which can be affected by fluctuations in share price and is exposed to other price risk on share price of the listed investments.

If the benchmark index, Hang Seng index, had been 18% (2024: 24%) higher/lower, loss for the year ended 31 December 2025 would have decreased/increased by approximately RMB3,491,000 (2024: RMB5,805,000). The analysis is based on the assumptions that the benchmark index increased/decreased with all other variables held constant and that the Group's investment portfolio moved according to the volatility of the Hang Seng index. The Group does not manage price risk with reference to any market index. The benchmark index used above is for guidance and performance comparison only. In practice, the actual trading results may differ from the sensitivity analysis above and the difference could be material.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (i) Price risk (Continued)

In arriving at the fair value changes of financial assets measured at FVTPL of the unlisted equity investments, the Group may use valuation techniques which require the estimation of key variables. Details of the valuation method and the sensitivity analysis for the possible impact given a reasonable shift in the key variable are set out in Note 3.2.

In the opinion of the Directors, the sensitivity analysis above is unrepresentative for the other price risk as the exposure at the end of reporting period does not reflect the exposure during the year.

##### (ii) Foreign exchange risk

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

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

As at 31 December 2025, for companies with RMB as their functional currency, if HK\$ had weakened/strengthened by 5% against RMB, with all other variables held constant, loss for the year would have been approximately RMB587,000 (2024: RMB611,000) higher/lower, mainly as a result of foreign exchange losses/gains on translation of financial assets denominated in HK\$.

For companies with HK\$ as their functional currency, if Singapore dollar ("SGD") had weakened/strengthened by 5% against the HK\$, with all other variables held constant, loss for the year would have been approximately RMB440,000 (2024: RMB417,000) higher/lower, mainly as a result of foreign exchange losses/gains on translation of financial assets denominated in SGD.

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

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the restricted bank balances and bank balances, and variable rate of interest incurred on borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate loans receivables, certain fixed-rate borrowings and fixed-rate lease liabilities. It is the Group's policies to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk.

The Group has not used any financial instrument to hedge the interest rate risk that it is exposed to currently. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2025 would have decreased/increased by approximately RMB366,000 (2024: RMB195,000).

If interest rate of variable-rate borrowings had been 10 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2025 would have increased/decreased by approximately RMB616,000 (2024: RMB650,000).

##### (b) Credit risk

Credit risk refer to the risk that the counter-party fails to meet its contractual obligations resulting in financial loss to the Group. The credit risk of the Group mainly arises from trade receivables, bills receivables, deposits and other receivables, loans and interests receivables, amount due from a joint venture, amount due from an associate, and banks balances. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group applies HKFRS 9 simplified approach for measuring the ECL, which use a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer and its ageing category, and applying the ECL rates to the respective gross carrying amounts of the receivables.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

The Group applies the general approach in HKFRS 9 to measure the ECL for balances not qualified for simplified approach. The general approach which uses a three-stage model to calculate the loss allowances. According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime ECL is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime ECL is recognised as loss allowance.

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

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

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

Credit-impaired financial assets comprise those assets that have experienced an observed credit event and are in default. Default represents those assets that are unlikely to pay, such as bankruptcy, fraud or death. This definition is consistent with internal credit risk management and the regulatory definition of default.

##### **Trade receivables**

As at 31 December 2025, the Group is exposed to concentration of credit risk as 83% (2024: 61%) of the total trade receivables were due from largest 10 customers and the top customer accounted for 17% (2024: 12%) of total trade receivables. The major customers of the Group are reputable organisations. Management considers that the credit risk is limited in this regard.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### Trade receivables (Continued)

The Group applies the simplified approach under HKFRS 9 for trade receivables, which measures the ECL based on lifetime basis. The expected loss rates are based on a benchmarking default rate for debtors under similar credit quality, or the payment profiles of sales over a period of 24 months and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified factors such as the gross domestic product index, inflation rate, unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance for trade receivables as at 31 December 2025 and 2024 was determined as follows:

	Expected loss rate	Gross carrying amount RMB'000	Lifetime ECL RMB'000	Net carrying amount RMB'000
<b>As at 31 December 2025</b>				
Trade receivables	26.0%	1,725,524	(449,369)	1,276,155
<b>As at 31 December 2024</b>				
Trade receivables	22.3%	1,247,554	(278,500)	969,054

The increase in the loss allowance as at 31 December 2025 was due to increase in long aged outstanding trade receivables balances.

Impairment losses on trade receivables are presented as "ECL, net of reversal" in the consolidated statement of profit or loss and other comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are recognised in the consolidated statement of profit or loss and other comprehensive income.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### Trade receivables (Continued)

The movements of loss allowance for trade receivables are shown as follows:

	2025 RMB'000	2024 RMB'000
Loss allowance at 1 January	278,500	173,625
Provision for ECL, net	195,615	153,312
Written-off as uncollectible	(24,746)	(48,437)
Loss allowance at 31 December	449,369	278,500

##### Deposits and other receivables, loans and interests receivables, amount due from a joint venture, and amount due from an associate

The Group adopted general approach for ECL of deposits and other receivables, loans and interests receivables, amount due from a joint venture, and amount due from an associate.

The measurement basis for the financial assets at amortised cost, net of allowance, using the general approach are as follows:

As at 31 December 2025	12-month ECL RMB'000	Lifetime ECL RMB'000	Total RMB'000
Amount due from an associate	3,826	–	3,826
Deposits and other receivables	120,557	55,833	176,390
Loans and interests receivables	7,761	–	7,761
	132,144	55,833	187,977

As at 31 December 2024	12-month ECL RMB'000	Lifetime ECL RMB'000	Total RMB'000
Amount due from a joint venture	–	80,988	80,988
Amount due from an associate	3,730	–	3,730
Deposits and other receivables	112,262	35,053	147,315
Loans and interests receivables	7,430	–	7,430
	123,422	116,041	239,463

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### **Deposits and other receivables, loans and interests receivables, amount due from a joint venture, and amount due from an associate (Continued)**

Impairment losses on deposits and other receivables, loans and interests receivables, amount due from a joint venture, and amount due from an associate are presented as “ECL, net of reversal” in the consolidated statement of profit or loss and other comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are recognised as in the consolidated statement of profit or loss and other comprehensive income.

The movements of loss allowance for deposits and other receivables, loans and interests receivables, amount due from a joint venture, and amount due from an associate are shown as follows:

	12-month ECL RMB'000	Lifetime ECL RMB'000	Total RMB'000
<b>Loss allowance at 1 January 2025</b>	<b>15,277</b>	<b>67,101</b>	<b>82,378</b>
Provision for ECL, net	2,091	98,095	100,186
Exchange realignment	(341)	–	(341)
<b>Loss allowance at 31 December 2025</b>	<b>17,027</b>	<b>165,196</b>	<b>182,223</b>

  

	12-month ECL RMB'000	Lifetime ECL RMB'000	Total RMB'000
Loss allowance at 1 January 2024	8,809	101,727	110,536
Provision for/(reversal of) ECL, net	33,218	(4,014)	29,204
Written-off as uncollectible	(27,073)	(30,612)	(57,685)
Exchange realignment	323	–	323
Loss allowance at 31 December 2024	15,277	67,101	82,378

During the year ended 31 December 2025, the changes in loss allowance were due to the increase in balances of financial assets measured at lifetime ECL with significant doubt on collection.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

###### **Bank balances and bills receivables**

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

##### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents which are generated from internal operations and having adequate amount of committed credit facilities.

As described in Note 2.1.1, the Directors closely monitor the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2025, to enable it to meet its liabilities and obligations through:

- (i) obtaining the approval by the Court to convene the Scheme meeting and approval by the creditors of the Company to execute the restructuring exercise;
- (ii) obtaining the renewal and/or extension of bank and other borrowings which are overdue or due for repayment within twelve months from the date of statement of financial position;
- (iii) generating adequate operating cash inflows from its existing automotive parts, education management and consultation, and financial services businesses;
- (iv) securing injection of cash generating businesses from new investors;
- (v) obtaining new sources of financing as and when needed; and
- (vi) divesting the Group's non-core assets within the expected timeframe.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk (Continued)

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

	On demand or within 1 year RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
<b>As at 31 December 2025</b>					
Trade and other payables	2,171,624	–	–	2,171,624	2,171,624
Borrowings	2,328,499	51,752	127,925	2,508,176	2,435,125
Convertible bonds	1,160,217	–	–	1,160,217	1,160,217
Lease liabilities	6,177	1,565	–	7,742	6,549
	<b>5,666,517</b>	<b>53,317</b>	<b>127,925</b>	<b>5,847,759</b>	<b>5,773,515</b>
<b>As at 31 December 2024</b>					
Trade and other payables	1,623,578	–	–	1,623,578	1,623,578
Borrowings	1,932,492	176,713	11,664	2,120,869	2,047,171
Convertible bonds	1,084,517	–	–	1,084,517	1,084,517
Lease liabilities	6,023	2,961	1,460	10,444	10,211
	4,646,610	179,674	13,124	4,839,408	4,765,477

#### 3.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.2 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2025 and 2024.

As at 31 December 2025	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets measured at FVTPL</b>				
Listed equity securities	19,793	–	–	19,793
Unlisted equity investments	–	120	91,430	91,550
Unlisted funds investments	–	1,788	–	1,788
	19,793	1,908	91,430	113,131
<b>Financial guarantee assets measured at FVTPL</b>				
	–	86,528	–	86,528

As at 31 December 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets measured at FVTPL</b>				
Listed equity securities	24,189	–	–	24,189
Unlisted equity investments	–	186	39,865	40,051
Unlisted funds investments	–	21,806	–	21,806
	24,189	21,992	39,865	86,046
<b>Financial guarantee assets measured at FVTPL</b>				
	–	87,248	–	87,248

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

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.2 Fair value estimation (Continued)

**(i) Financial instruments in level 1**

The financial assets of level 1 within the fair value hierarchy as at 31 December 2025 and 2024 were the listed equity securities included in financial assets measured at FVTPL. The fair value of these financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets of level 1 held by the Group is the current bid price.

**(ii) Financial instruments in level 2**

Fair values of unlisted equity investments and unlisted funds investment included in level 2 have been determined based on observable market prices which are sourced from broker quotes as provided by financial institutions. Most significant inputs are observable market data including historical trading prices.

**(iii) Financial instruments in level 3**

Fair values of unlisted equity investments included in level 3 have been determined based on market approach.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.2 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

Financial assets	Fair value at 31 December		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Range of inputs
	2025 RMB'000	2024 RMB'000				
Financial assets measured at FVTPL – equity investments (unlisted company)	91,430	39,865	Level 3	Comparable Company Model Comparable company is employed in deriving the fair value of the financial assets measured at FVTPL – equity investments.	EV/S Multiples (2024: EV/S Multiples)	2.53x–32.38x (2024: 2.1x–5.43x)

#### Valuation processes

The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes with the assistance of an independent valuer when necessary, including level 3 fair values. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once for every six months, in line with the Group's half-yearly reporting periods.

The following table presents the changes in level 3 instruments for the years ended 31 December 2025 and 2024.

	2025 RMB'000	2024 RMB'000
At 1 January	39,865	57,079
Additions	–	960
Disposals	–	(4,800)
Fair value gains/(losses) recognised in the profit or loss	51,565	(13,374)
At 31 December	91,430	39,865
Unrealised gains/(losses) recognised in the consolidated statement of profit or loss and other comprehensive income attributable to balance at the end of the reporting period	51,565	(13,374)

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.2 Fair value estimation (Continued)

##### Sensitivity analysis of observable and unobservable inputs

As described, the fair values of financial assets and liabilities that are classified in level 3 of the fair value hierarchy are determined using valuation techniques that make use of significant inputs that are not based on observable market data. These fair values could be sensitive to changes in the assumptions used to derive the inputs. EV/S Multiples is the main significant unobservable input. The table below illustrates the sensitivity of the significant inputs when they are changed to reasonably possible alternative inputs:

Description	Fair value at 31 December		Valuation techniques	Significant inputs	Range of inputs	Favourable/(unfavourable) changes in profit or loss	
	2025 RMB'000	2024 RMB'000				2025 RMB'000	2024 RMB'000
Equity investment (unlisted equity)	91,430	39,865	Comparable Company Model	EV/S Multiples (2024: EV/S Multiples)	2.53x-32.38x (2024: 2.1x-5.43x)	+/-5% +/-5,965	+/- 5% +/- 895

#### 3.3 Capital risk management

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

The capital structure of the Group consists of net debts (which include borrowings and convertible bonds), net of cash and cash equivalents and total deficit in equity, comprising share capital, reserves and non-controlling interests.

The management of the Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the raising of new capital as well as the issue of new debt or the redemption of existing debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current bank and other borrowings and convertible bonds as shown in the consolidated statement of financial position) less bank balances and cash. Total capital is calculated as "total deficit in equity" as shown in the consolidated statement of financial position plus net debt.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

#### 3.3 Capital risk management (Continued)

The gearing ratios at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Borrowings	2,435,125	2,047,171
Convertible bonds	1,160,217	1,084,517
	<b>3,595,342</b>	3,131,688
Less: bank balances and cash	<b>(293,481)</b>	(147,384)
Net debt	<b>3,301,861</b>	2,984,304
Total deficit in equity	<b>(2,117,213)</b>	(1,903,504)
Total capital	<b>1,184,648</b>	1,080,800
Gearing ratio	<b>279%</b>	276%

The gearing ratio increased from 276% to 279% was attributable to the extent of the increase in net debt outweighed increase in total deficit in equity during the year ended 31 December 2025.

### 4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

#### (a) Going concern

The Group prepares cash flow projections that cover a period of not less than twelve months from 31 December 2025. Taking into account the plans and measures as described in Note 2.1.1, 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. The consolidated financial statements are prepared on a going concern basis.

Significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described in Note 2.1.1. The assumption that the Group will be able to operate as a going concern is a critical judgment that has the most significant effect on the amounts recognised in the consolidated financial statements. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfilment of the plans as described in Note 2.1.1.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

##### (b) Impairment of intangible assets with indefinite useful lives

Determining whether intangible assets with indefinite useful lives are impaired requires an estimation of the value in use of the cash-generating unit (the “**CGU**”) or its fair value less costs of disposal to which intangible assets with indefinite useful lives has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The fair value less costs of disposal is determined by reference to the agreed sale price or observable market price of a similar asset in an arm’s length transaction, if any, less incremental costs directly attributable to the disposal of the asset. Where the actual future cash flows are less than expected or changes in key assumptions underlying valuation model, further impairment loss may arise.

##### (c) Impairment of deposits and other receivables

The Group recognises ECL for deposits and other receivables using individual assessment, based on the internal credit rating, the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

##### (d) Impairment of trade receivables

The Group applies HKFRS 9 simplified approach for measuring the ECL of trade receivables, which use a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its ageing category and forward-looking information, and applying the ECL rates to the respective gross carrying amounts of the receivables. The Group uses judgment in making these assumptions and selecting the inputs to the ECL calculation. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional expected loss allowance to the consolidated statement of profit or loss and other comprehensive income.

##### (e) Valuation of financial instruments

The fair values for certain financial instruments, including financial assets measured at FVTPL (Level 3) (Note 21) are established by using valuation techniques. The Group has established a process to ensure that valuation techniques are developed by qualified personnel and are validated and reviewed by personnel independent of the personnel that developed the valuation techniques. Selection of appropriate valuation parameters, assumptions and modelling techniques, require management estimates and judgment. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of these financial instruments.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

##### (f) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The management will increase the depreciation charge where useful lives are expected to be shorter than estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. Change in these estimations may have a material impact on the results of the Group.

##### (g) Provision for warranty claims

Provision for warranty is made based on the possible claims on the products by customers with reference to the warranty coverage period and the percentage of warranty expenses incurred over total sales amounts historically. In case where the actual claims are greater than expected, a material increase in warranty expenses may arise, which would be recognised in the consolidated statement of profit or loss and other comprehensive income for the period in which such a claim takes place.

##### (h) Impairment of inventories

The Group records inventories at the lower of cost and net realisable value. Net realisable value is the estimated selling prices for inventories, less all the estimated costs of completion and costs necessary to make the sales.

Operational procedures have been in place to monitor this risk, including regular review by the management of the inventory ageing listing on a periodical basis for those aged inventories. This involves comparison of carrying values of the aged inventory items with the respective net realisable value. If the selling price is lower than expected, additional allowance would be recognised.

##### (i) Impairment of property, plant and equipment, right-of-use assets and intangible assets with finite useful lives

Property, plant and equipment, right-of-use assets and intangible assets with finite useful lives are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment 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 CGU to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment assessment.

## 5 REVENUE

## (i) Disaggregation of revenue from contracts with customers

	2025 RMB'000	2024 RMB'000
<b>Automotive parts business</b>		
Sales of automobile absorbers to		
– the automobile market of original automobile manufacturers	3,282,898	2,039,285
– the second market of automobile industry	54,260	52,130
– others	1,931	5,954
	<b>3,339,089</b>	2,097,369
<b>Education management and consultation business</b>		
Provision of management and consultation services to educational institutions		
– management and consultation services	62,439	58,351
<b>Financial services business</b>		
Provision of financial services and advisory services in respect of		
– private equity fund management	–	43
– underwriting and dealing services	23,850	10,103
– advisory services	9,606	14,645
– others	–	18
	<b>33,456</b>	24,809
Revenue from contracts with customers	<b>3,434,984</b>	2,180,529
Interest income	<b>11,799</b>	6,687
	<b>3,446,783</b>	2,187,216

## 5 REVENUE (Continued)

## (i) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December 2025			
	Automotive parts business RMB'000	Education management and consultation business RMB'000	Financial services business RMB'000	Total RMB'000
<b>Timing of revenue recognition:</b>				
– A point in time	3,339,089	5,993	33,456	3,378,538
– Overtime	–	56,446	–	56,446
	<b>3,339,089</b>	<b>62,439</b>	<b>33,456</b>	<b>3,434,984</b>
<b>Geographical markets:</b>				
– The PRC	3,284,829	62,439	812	3,348,080
– Hong Kong	–	–	30,380	30,380
– Singapore	–	–	2,264	2,264
– Italy	54,260	–	–	54,260
	<b>3,339,089</b>	<b>62,439</b>	<b>33,456</b>	<b>3,434,984</b>

	For the year ended 31 December 2024			
	Automotive parts business RMB'000	Education management and consultation business RMB'000	Financial services business RMB'000	Total RMB'000
<b>Timing of revenue recognition:</b>				
– A point in time	2,097,369	3,064	24,766	2,125,199
– Overtime	–	55,287	43	55,330
	<b>2,097,369</b>	<b>58,351</b>	<b>24,809</b>	<b>2,180,529</b>
<b>Geographical markets:</b>				
– The PRC	2,047,669	58,351	2,205	2,108,225
– Hong Kong	–	–	20,116	20,116
– Singapore	–	–	2,488	2,488
– Italy	49,700	–	–	49,700
	<b>2,097,369</b>	<b>58,351</b>	<b>24,809</b>	<b>2,180,529</b>

## 5 REVENUE (Continued)

### (ii) Performance obligations for contracts with customers

#### (a) Automotive parts business

The Group mainly sells automotive parts products directly to customers i.e. automobile market of original automobile manufactures and the secondary market of the automobile industry.

For sales of automotive parts products to the customers, revenue is recognised at a point in time, when control of the goods has transferred, being when the goods have been delivered to designated premises and have accepted at respective customers (“**Delivery**”). Following the Delivery, the customer has full discretion over the products. The normal credit term is 90 days upon the Delivery.

If a customer pays the consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Sales-related warranties associated with automotive parts products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for such warranties in accordance with HKAS 37.

#### (b) Education management and consultation business

The Group provides education management services. Revenue is recognised over the relevant period of school semesters, i.e. over the period of time.

The Group also provides consulting services. Revenue is recognised at a point in time, when the Group has fulfilled its performance obligation, i.e. when the customers have accepted offer from universities.

#### (c) Financial services business

Revenues from provision of private equity fund management services recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs. The revenue recognised proportionately over the relevant period of services contract. Revenue from the provision of other financial and advisory services, underwriting and dealing services within the segment recognised at a point in time when the customer obtains control of the distinct service, i.e. upon fulfilment of performance obligation stipulated in the contract and service is delivered to the customer.

## 5 REVENUE (Continued)

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and 2024, and the expected timing recognising revenue are as follows:

	<b>Education management and consultation business</b> RMB'000	<b>Automotive parts business</b> RMB'000	<b>Total</b> RMB'000
<b>At 31 December 2025</b>			
Within one year	<b>31,093</b>	<b>92,637</b>	<b>123,730</b>
<b>At 31 December 2024</b>			
Within one year	31,873	25,746	57,619

## (iv) Contract liabilities

	<b>2025</b> RMB'000	2024 RMB'000
Advanced tuition fee	<b>11,614</b>	13,222
Advanced from customers related to automotive parts business	<b>92,637</b>	25,746
	<b>104,251</b>	38,968
Analysed for reporting purposes as:		
– Current liabilities	<b>104,251</b>	38,968

## 5 REVENUE (Continued)

## (iv) Contract liabilities (Continued)

The following table shows how much of the revenue recognised in the current year relates to contract liabilities carried-forward from preceding year.

	<b>Advanced tuition fee</b> RMB'000	<b>Advanced from customers related to automotive parts business</b> RMB'000	<b>Total</b> RMB'000
<b>For the year ended 31 December 2025</b>			
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<b>13,222</b>	<b>25,746</b>	<b>38,968</b>
<b>For the year ended 31 December 2024</b>			
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	12,351	33,244	45,595

The contract liabilities represent the Group's obligation to deliver automotive absorbers and render management services to customers for which the Group has received advance payments from the customers, the balance will be recognised as revenue for the year ending 31 December 2026 (2024: 2025).

The increase in contract liabilities as at 31 December 2025 was mainly due to the increase in advances received from customers in relation to the sales of automobile absorbers at the end of the year.

## 6 SEGMENT INFORMATION

## (a) Products and services within each operating segment

The segment information reported was determined by the types of products and services and the types of customers to which products are sold and services are provided, which is consistent with the internal information that are regularly reviewed by the executive directors of the Company, who are the chief operating decision makers (the "CODM") of the Group, for the purposes of resource allocation and assessment of performance.

## 6 SEGMENT INFORMATION (Continued)

### (a) Products and services within each operating segment (Continued)

No operating segment has been aggregated to form the following reportable segments:

- Automotive parts business – engaged in the manufacturing and selling of automobile absorber and suspension system products to the automobile market of original automobile manufacturers and the secondary market of the automobile industry.
- Education management and consultation services business – engage in the business of provision of management and consultancy services to educational institutions.
- Financial services business – engage in the business of dealing in securities, underwriting and placing securities, financing consultancy, merger and acquisition agency, financial advisory, asset management and private equity fund management services.

### (b) Segment revenue and segment results

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

	Segment revenue		Segment results	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Automotive parts business	3,339,089	2,097,369	158,920	(49,993)
Education management and consultation business	62,439	58,351	20,395	15,030
Financial services business	45,255	31,496	(1,935)	(5,001)
<b>Total segment</b>	<b>3,446,783</b>	<b>2,187,216</b>	<b>177,380</b>	<b>(39,964)</b>
Other income and expenses			71,060	72,096
Other gains and losses, net			5,715	(45,126)
ECL, net of reversal			(100,186)	1,979
Administrative expenses			(240,751)	(207,965)
Operating losses			(86,782)	(218,980)
Finance costs			(227,560)	(234,063)
Share of results of associates			(383)	(2,390)
Share of results of joint ventures			(53,959)	4,166
Impairment losses on interest in an associate			(1,611)	–
Fair value changes of financial assets measured at FVTPL			51,952	(34,184)
<b>Loss before income tax</b>			<b>(318,343)</b>	<b>(485,451)</b>

## 6 SEGMENT INFORMATION (Continued)

## (b) Segment revenue and segment results (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	For the year ended 31 December 2025			
	Automotive parts business RMB'000	Education management and consultation business RMB'000	Financial services business RMB'000	Total RMB'000
<b>Revenue from contracts with customers</b>				
External customers	3,339,089	62,439	33,456	3,434,984
Inter-segment sales	–	–	664	664
Sub-total	3,339,089	62,439	34,120	3,435,648
Elimination	–	–	(664)	(664)
Revenue from contracts with customers	3,339,089	62,439	33,456	3,434,984
Interest income	–	–	11,799	11,799
Segment revenue	3,339,089	62,439	45,255	3,446,783

	For the year ended 31 December 2024			
	Automotive parts business RMB'000	Education management and consultation business RMB'000	Financial services business RMB'000	Total RMB'000
<b>Revenue from contracts with customers</b>				
External customers	2,097,369	58,351	24,809	2,180,529
Inter-segment sales	–	–	1,287	1,287
Sub-total	2,097,369	58,351	26,096	2,181,816
Elimination	–	–	(1,287)	(1,287)
Revenue from contracts with customers	2,097,369	58,351	24,809	2,180,529
Interest income	–	–	6,687	6,687
Segment revenue	2,097,369	58,351	31,496	2,187,216

## 6 SEGMENT INFORMATION (Continued)

## (b) Segment revenue and segment results (Continued)

Other segment information included in the measure of segment results or regularly provided to the CODM but not included in the measure of segment results:

	For the year ended 31 December 2025			
	Automotive parts business RMB'000	Education management and consultation business RMB'000	Financial services business RMB'000	Total RMB'000
Cost of inventories sold	2,712,854	–	–	2,712,854
Provision for impairment of inventories	48,464	–	–	48,464
Provision for warranty	113,043	–	–	113,043
Depreciation of property, plant and equipment	43,330	114	1,159	44,603
Impairment loss on property, plant and equipment	32,232	–	–	32,232
ECL, net of reversal	172,337	–	23,278	195,615
Impairment loss on intangible assets	–	39,615	–	39,615

	For the year ended 31 December 2024			
	Automotive parts business RMB'000	Education management and consultation business RMB'000	Financial services business RMB'000	Total RMB'000
Cost of inventories sold	1,791,397	–	–	1,791,397
Provision for impairment of inventories	32,783	–	–	32,783
Provision for warranty	23,674	–	–	23,674
Depreciation of property, plant and equipment	40,642	62	252	40,956
ECL, net of reversal	149,957	2,018	32,520	184,495
Impairment loss on intangible assets	–	22,163	–	22,163

The accounting policies of the operating segments are the same as the Group's accounting policies disclosed in Note 2. Segment results represent the profit/(loss) of each operating segment, conforming to the same measurement reported to the CODM for the purposes of resources allocation and performance assessment.

Other than the segment revenue and segment results analysis presented above, information about assets and liabilities was not regularly provided to the CODM. Hence, no segment asset or segment liability information is presented.

Reportable segment results represent the operating profit/(losses) resulted by each segment and exclude other income and expenses, other gains and losses, net, ECL, net of reversal and administrative expenses.

## 6 SEGMENT INFORMATION (Continued)

### (c) Geographical information

The Group principally operates in the PRC and Hong Kong.

During the year ended 31 December 2025, 97% (2024: 96%) of the Group's revenue from external customers, based on the operation location of respective customers, is derived from the PRC.

As at 31 December 2025, 95% (2024: 99%) of the Group's property, plant and equipment and right-of-use assets are located in the PRC.

### (d) Information about major customer

Revenue from major customers which accounts for 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Automotive parts business		
Customer A	913,998	582,074
Customer B	698,431	322,951
Customer C	496,514	N/A

## 7 OTHER INCOME AND EXPENSES

	2025 RMB'000	2024 RMB'000
Interest income from financial institutions	2,336	3,097
Interest income from non-financial institutions	–	143
Government grants (Note (a))	12,783	28,214
Others (Note (b))	55,941	40,642
	<b>71,060</b>	72,096

Notes:

- (a) During the years ended 31 December 2025 and 2024, the amount mainly included government grants to the Group for the development of manufacturing companies with high quality and significant research programme with no unfulfilled conditions attached before recognition.
- (b) Others mainly represented sales of scrap material after the manufacturing process of products and fees charged for provision of products' research and development services.

## 8 OTHER GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Exchange gains/(losses), net	10,308	(46,837)
Dividend income from financial assets measured at FVTPL	472	6
Gains on disposal of associates (Note 17)	–	2,732
Losses on de-registration of a subsidiary	(364)	–
Gains on de-registration of a joint venture	340	–
Write-off of property, plant and equipment	(957)	(8,288)
Losses on disposal of right-of-use assets	–	(1,673)
Gains on disposal of subsidiaries (Note 34)	13	2,613
Others	(4,097)	6,321
	<b>5,715</b>	<b>(45,126)</b>

## 9 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2025 RMB'000	2024 RMB'000
Auditor's remuneration	2,536	2,448
Cost of inventories sold	2,712,854	1,791,397
Provision for impairment of inventories (Note 24)	48,464	32,783
Provision for warranty (Note 32)	113,043	23,674
Impairment losses on intangible assets (Note 19)	39,615	22,163
Impairment losses on property, plant and equipment (Note 15)	32,232	–
Employee benefits expenses (including directors' emoluments)	353,040	266,452
– Salaries and other benefits	316,774	239,580
– Retirement benefit scheme contributions	36,266	26,872
Amortisation of intangible assets (Note 19)	5,491	10,547
Depreciation of property, plant and equipment (Note 15)	59,257	51,361
Depreciation of right-of-use assets (Note 16(i))	8,616	11,005
Legal and professional fee	5,814	4,208
Lease payments under short-term leases (Note 16(i))	2,677	3,313

## 10 BENEFITS AND INTEREST OF DIRECTORS

## (a) Directors' and chief executive emoluments

Details of the emoluments paid to the directors and chief executive of the Company during the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, on a named basis are as follows:

**For the year ended 31 December 2025**

	Fees RMB'000	Discretionary bonuses RMB'000	Salaries and allowances RMB'000	Contributions to retirement benefit scheme RMB'000	Total RMB'000
<b>Executive directors</b>					
Dr. Wilson Sea	137	–	1,074	56	1,267
Mr. Zhao Zhijun (Note (iv))	32	–	72	4	108
Dr. Zhu Huanqiang	32	–	63	–	95
<b>Independent non-executive directors</b>					
Mr. Chu Kin Wang, Peleus	247	–	–	–	247
Mr. Loo Cheng Guan	247	–	–	–	247
Ms. Lu Dan	110	–	–	–	110
Total	805	–	1,209	60	2,074

**For the year ended 31 December 2024**

	Fees RMB'000	Discretionary bonuses RMB'000	Salaries and allowances RMB'000	Contributions to retirement benefit scheme RMB'000	Total RMB'000
<b>Executive directors</b>					
Dr. Wilson Sea	137	–	1,892	72	2,101
Mr. Zhang Li (Note (ii))	–	–	–	–	–
Mr. Zhao Zhijun (Note (iv))	137	–	192	4	333
Dr. Zhu Huanqiang	137	–	215	–	352
<b>Independent non-executive directors</b>					
Mr. Chu Kin Wang, Peleus	246	–	–	–	246
Mr. Loo Cheng Guan	246	–	–	–	246
Dr. Du Xiaotang (Note (ii))	186	–	–	–	186
Ms. Lu Dan (Note (iii))	27	–	–	–	27
Total	1,116	–	2,299	76	3,491

## 10 BENEFITS AND INTEREST OF DIRECTORS (Continued)

## (a) Directors' and chief executive emoluments (Continued)

Notes:

- (i) Mr. Zhang Li was appointed as an executive director on 12 July 2023 and resigned as an executive director on 22 May 2024.
- (ii) Dr. Du Xiaotang was resigned as an independent non-executive director on 2 October 2024.
- (iii) Ms. Lu Dan was appointed as an independent non-executive director on 2 October 2024.
- (iv) Mr. Zhao Zhijun was resigned as an executive director on 26 March 2025.

Mr. Zhao Zhijun (prior to his resignation) and Dr. Zhu Huanqiang are the co-chief executive officers of the Company, and their emoluments disclosed above include those for services rendered by them as chief executive.

The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Company and the Group whereas those paid to independent non-executive directors were for their services as Directors.

Except for Mr. Zhang Li who waived director's remuneration for the year ended 31 December 2024 amounting to RMB54,000, no director waived any emolument during the year ended 31 December 2024 and 2025.

## (b) Five highest paid employees

The five highest paid individuals of the Group for the year ended 31 December 2025 included 1 director (2024: 1 director). The remunerations of the remaining 4 (2024: 4) highest paid individuals other than the directors are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries and other benefits	<b>5,859</b>	5,795
Retirement benefit scheme contributions	<b>96</b>	86
	<b>5,955</b>	5,881

## 10 BENEFITS AND INTEREST OF DIRECTORS (Continued)

## (b) Five highest paid employees (Continued)

The emoluments of the remaining 4 (2024: 4) highest paid individuals other than the directors fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands		
HK\$500,001–HK\$1,000,000	1	1
HK\$1,000,001–HK\$1,500,000	1	1
HK\$1,500,001–HK\$2,000,000	1	1
HK\$2,000,001–HK\$2,500,000	–	1
HK\$2,500,001–HK\$3,000,000	1	–

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

## (c) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2024: Nil).

## (d) Directors' termination benefits

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

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

No payment was made to the former employer of directors for making available the services of them as a director of the Company (2024: Nil).

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

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

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

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

## 11 FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on:		
Bank borrowings	31,855	30,761
Other borrowings	91,325	101,530
Lease liabilities	435	732
Convertible bonds (Note 30)	103,899	100,986
Others	46	54
	<b>227,560</b>	234,063

## 12 INCOME TAX CREDIT

The income tax credit in the consolidated statement of profit or loss and other comprehensive income represented:

	2025 RMB'000	2024 RMB'000
Current income tax		
– PRC Enterprise Income Tax (“EIT”)	13	198
Over-provision in prior years		
– PRC EIT	–	(7,460)
	<b>13</b>	(7,262)
Deferred tax (Note 20)	<b>(11,038)</b>	(7,293)
Income tax credit	<b>(11,025)</b>	(14,555)

The current income tax credit for the years ended 31 December 2025 and 2024 mainly represents the PRC EIT.

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024, except for the first HK\$2 million of a qualified entity’s assessable profit which is calculated at 8.25%, in accordance with the new two-tiered profit tax rates regime. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in Hong Kong for the year ended 31 December 2025 (2024: same).

The PRC EIT is calculated at the prevailing tax rate on the taxable income of the group entities operating in the PRC. Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is at 25% from 1 January 2008 onwards.

## 12 INCOME TAX CREDIT (Continued)

On 15 December 2009, a subsidiary of the Company, Nanyang Cijan Automobile Absorber Company Limited (南陽浙減汽車減振器有限公司) (“**Nanyang Cijan**”) obtained “High and New Technology Enterprise” status for 3 years. The “High and New Technology Enterprise” status has been renewed in 2024 for another 3 years, which Nanyang Cijan entitles a preferential tax rate of 15% for the period from 2025 to 2027 according to the PRC tax law.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Companies within the Group that are incorporated in the Cayman Islands and the British Virgin Island (the “**BVI**”) are not subject to any income tax.

The income tax credit for the years ended 31 December 2025 and 2024 can be reconciled to the loss before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before income tax	(318,343)	(485,451)
Calculated at a tax rate of 25% (2024: 25%)	(79,585)	(121,363)
Tax effect of different tax rate in other jurisdictions	29,474	30,296
Tax effect of expenses not deductible for tax purpose	17,033	17,404
Tax effect of income not taxable for tax purpose	(15,865)	(23,112)
Tax effect of tax losses not recognised	56,097	99,363
Utilisation of tax losses previously not recognised	(18,179)	(9,683)
Over-provision in prior years	–	(7,460)
Income tax credit	(11,025)	(14,555)

## 13 DIVIDENDS

No dividend was paid or proposed by the Company for the years ended 31 December 2025 and 2024. The Directors do not recommend the payment of dividend for the year ended 31 December 2025 (2024: Nil).

## 14 LOSS PER SHARE

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

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Loss attributable to owners of the Company (RMB'000)	<b>(341,679)</b>	(393,183)
Weighted average number of ordinary shares in issue	<b>1,848,000,000</b>	1,848,000,000
Loss per share (RMB)	<b>(0.18)</b>	(0.21)

### (b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all potentially dilutive ordinary shares. The Company has two (2024: two) category of potentially dilutive ordinary shares: share options and convertible bonds (2024: share options and convertible bonds). A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the shares for the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The convertible bonds were assumed to have been converted into ordinary shares, and the net loss has been adjusted to eliminate the interest expense and fair value change less the tax effect, if any.

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

## 15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Machinery RMB'000	Leasehold improvement RMB'000	Construction in-progress RMB'000	Total RMB'000
<b>At 1 January 2024</b>							
Cost	308,890	19,184	305,736	282,637	2,026	32,159	950,632
Accumulated depreciation and impairment	(88,976)	(9,710)	(202,234)	(168,076)	(1,684)	-	(470,680)
Net book amount	219,914	9,474	103,502	114,561	342	32,159	479,952
Opening net book amount	219,914	9,474	103,502	114,561	342	32,159	479,952
Additions	2,235	1,941	28,826	28,670	-	36,836	98,508
Transfer	5,152	-	-	-	-	(5,152)	-
Written off							
- Cost	-	(277)	(829)	(8,001)	-	-	(9,107)
- Accumulated depreciation	-	109	588	122	-	-	819
Depreciation for the year	(3,839)	(930)	(15,717)	(30,623)	(252)	-	(51,361)
Exchange realignment	(605)	(39)	(284)	(9)	(10)	-	(947)
Closing net book amount	222,857	10,278	116,086	104,720	80	63,843	517,864
<b>At 31 December 2024</b>							
Cost	315,493	20,831	333,095	303,254	2,065	63,843	1,038,581
Accumulated depreciation and impairment	(92,636)	(10,553)	(217,009)	(198,534)	(1,985)	-	(520,717)
Net book amount	222,857	10,278	116,086	104,720	80	63,843	517,864

## 15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Machinery RMB'000	Leasehold improvement RMB'000	Construction in-progress RMB'000	Total RMB'000
<b>Year ended 31 December 2025</b>							
Opening net book amount	222,857	10,278	116,086	104,720	80	63,843	517,864
Additions	3,959	1,516	26,235	34,788	1,679	42,234	110,411
Transfer	-	-	-	48,676	-	(48,676)	-
Written off							
– Cost	-	(783)	(173)	(152)	-	(554)	(1,662)
– Accumulated depreciation	-	432	149	124	-	-	705
Depreciation for the year	(4,059)	(1,430)	(26,782)	(25,827)	(1,159)	-	(59,257)
Impairment loss for the year	(14,935)	(393)	(6,484)	(10,420)	-	-	(32,232)
Exchange realignment	1,402	61	545	20	(9)	-	2,019
Closing net book amount	209,224	9,681	109,576	151,929	591	56,847	537,848
<b>At 31 December 2025</b>							
Cost	321,312	21,700	360,662	386,688	3,707	56,847	1,150,916
Accumulated depreciation and impairment	(112,088)	(12,019)	(251,086)	(234,759)	(3,116)	-	(613,068)
Net book amount	209,224	9,681	109,576	151,929	591	56,847	537,848

Depreciation expense of approximately RMB41,625,000 (2024: RMB38,762,000) has been recognised in cost of sales and services, RMB717,000 (2024: RMB351,000) in selling and distribution expenses, RMB2,261,000 (2024: RMB1,843,000) in research and development expenditure and RMB14,654,000 (2024: RMB10,405,000) in administrative expenses.

Impairment loss of approximately RMB32,232,000 has been recognised in cost of sales and services (2024: Nil).

As at 31 December 2025, property, plant and equipment with carrying amounts of approximately RMB700,455,000 (2024: RMB668,385,000) (before impairment loss) attributable to the cash-generating unit of Nanyang Cijan that is under automotive parts business segment in the PRC are subject to impairment tests. Management considered that the market demand for new energy vehicles is expected to decrease after the trade-in policy from old car to new car launched in April 2024 and it has reached the peak sales volume during the year ended 31 December 2025 as most of the potential customers have replaced their old model of motor vehicle to new one. As a result, the Directors expect projected revenue from 2026 to 2030 should gradually slow down.

The recoverable amount was determined based on value in use calculations estimated by the management with reference to the valuation performed by an independent valuer. Value in use calculations used cash flow projections based on financial budgets approved by the management of the Group covering a five-year period.

## 15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The key assumptions for the value in use calculations included revenue growth rate, gross profit margin and pre-tax discount rate, such estimation was based on the unit's past performance and management's expectations for the market development. As at 31 December 2025, after considering the decrease in market demand for new energy vehicles following the peak of the PRC's old car trade-in for new energy vehicles policy, the revenue growth rate is projected as -11.2% to -8.7% (2024: -16.2% to 3.9%), and the gross profit margin is projected as 18.7% to 18.9% (2024: 19.8%). The pre-tax discount rate used is 15.0% (2024: 15.2%). The discount rate used is pre-tax and reflects specific risks relating to the industry in relation to the automotive parts business segment. The cash flow beyond the five-year period (2024: five-year period) are extrapolated using a steady growth rate of 2.0% (2024: 2.0%) per annum.

The recoverable amount of the automotive parts business segment amounted to approximately RMB668,223,000 (2024: RMB714,965,000) as at 31 December 2025. An impairment loss of approximately RMB32,232,000 (2024 : Nil) was recognised due to a decline in the recoverable amount of the CGU on the automotive parts business segment for the year ended 31 December 2025.

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

## (i) Right-of-use assets

	<b>Leasehold lands</b>	<b>Offices</b>	<b>Warehouses</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	112,619	16,696	1,015	130,330
Additions	–	–	613	613
Depreciation	(2,959)	(6,848)	(1,198)	(11,005)
Lease modification	(22,448)	–	–	(22,448)
Exchange realignment	–	6	–	6
At 31 December 2024 and 1 January 2025	87,212	9,854	430	97,496
Additions	–	<b>2,687</b>	<b>1,836</b>	<b>4,523</b>
Depreciation	<b>(2,533)</b>	<b>(4,831)</b>	<b>(1,252)</b>	<b>(8,616)</b>
Exchange realignment	–	<b>(42)</b>	–	<b>(42)</b>
At 31 December 2025	<b>84,679</b>	<b>7,668</b>	<b>1,014</b>	<b>93,361</b>
		<b>2025</b>	2024	
		<b>RMB'000</b>	RMB'000	
Expense relating to:				
– Short-term leases		<b>2,677</b>	3,313	
Total cash outflows for leases		<b>(11,247)</b>	(13,434)	

For both years, the Group leases leasehold lands, offices and warehouses for its operations use. Lease contracts are entered into for fixed terms of 13 months to 50 years, without extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings including manufacturing facilities and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold lands' components of these owned properties are presented separately only if the payments made can be allocated reliably.

For early termination of the lease contracts, no penalty was recognised according to the terms of lease contracts.

## 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

## (ii) Lease liabilities

	2025 RMB'000	2024 RMB'000
Within one year	4,504	5,959
Within a period of more than one year but not more than two years	1,522	2,804
Within a period of more than two years but not more than five years	523	1,448
	<b>6,549</b>	10,211
Less: non-current portion	<b>(2,045)</b>	(4,252)
Current portion	<b>4,504</b>	5,959

## 17 INTERESTS IN ASSOCIATES

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ establishment	Proportion of ownership interest held by the Group		Carrying amount		Principal activities
		2025	2024	2025	2024	
				RMB'000	RMB'000	
Stirling Coleman Capital Limited ("Stirling Coleman") (Note (b))	Singapore	N/A	45%	-	1,723	Financial services
KSI Education Ltd. ("KSI Education") (Note (a))	United Kingdom	28.85%	28.85%	15,041	14,965	Education services
				<b>15,041</b>	16,688	

Notes:

- (a) In July 2024, the Group disposed of its 4.94% equity interests in KSI Education at a consideration of approximately RMB5,296,000 to an independent third party, resulting in a gain on disposal of approximately RMB2,732,000.
- (b) In December 2025, the Group has disposed of its 45% equity interests in Stirling Coleman with no consideration to an independent third party.

## 17 INTERESTS IN ASSOCIATES (Continued)

## (a) Stirling Coleman

Summarised financial information in respect of Stirling Coleman, representing amounts shown in its financial statements prepared in conformity with HKFRS is as below:

	2025 RMB'000	2024 RMB'000
Current assets	N/A	2,988
Non-current assets	N/A	2
Current liabilities	N/A	(845)
	N/A	2,145
	2025 RMB'000	2024 RMB'000
Revenue	2,429	3,433
Loss and total comprehensive loss for the period/year	(1,291)	(4,299)
Proportion of the Group's ownership interests	45%	45%
	(581)	(1,934)
Share of loss of an associate not recognised	496	–
Share of result attributable to the Group	(85)	(1,934)

## 17 INTERESTS IN ASSOCIATES (Continued)

## (a) Stirling Coleman (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Stirling Coleman recognised in the consolidated financial statements is as below:

	2024 RMB'000
Net assets of Stirling Coleman	2,145
Proportion of the Group's ownership interests	45%
The Group's share of net assets	965
Consideration premium	712
Exchange realignment	46
The Group's share of net assets	1,723

## (b) KSI Education

Summarised financial information in respect of KSI Education, representing amounts shown in its financial statements prepared in conformity with HKFRS is as below:

	2025 RMB'000	2024 RMB'000
Current assets	7,665	17,544
Non-current assets	70,491	67,652
Current liabilities	(6,119)	(11,076)
Non-current liabilities	(20,762)	(21,813)
	51,275	52,307
	2025 RMB'000	2024 RMB'000
Revenue	45,747	44,401
Loss and total comprehensive loss for the year	(1,032)	(1,579)
Proportion of the Group's ownership interests	28.85%	28.85%
Share of result attributable to the Group	(298)	(456)

## 17 INTERESTS IN ASSOCIATES (Continued)

## (b) KSI Education (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in KSI Education recognised in the consolidated financial statements is as below:

	2025 RMB'000	2024 RMB'000
Net assets of KSI Education	51,275	52,307
Proportion of the Group's ownership interests	28.85%	28.85%
The Group's share of net assets	14,793	15,091
Exchange realignment	248	(126)
The Group's share of net assets	15,041	14,965

## (c) Summary of share of results of associates

For the year ended 31 December 2025	Stirling Coleman RMB'000	KSI Education RMB'000	Total RMB'000
The Group's share of loss and other comprehensive loss	(85)	(298)	(383)
For the year ended 31 December 2024	Stirling Coleman RMB'000	KSI Education RMB'000	Total RMB'000
The Group's share of loss and other comprehensive loss	(1,934)	(456)	(2,390)

## (d) Amount due from an associate

	2025 RMB'000	2024 RMB'000
KSI Education	3,826	3,730

Amount due from an associate was unsecured, interest-free, non-trade in nature and repayable on demand.

## 18 INTERESTS IN JOINT VENTURES

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ establishment	Proportion of ownership interest held by the Group		Carrying amount		Principal activities
		2025	2024	2025 RMB'000	2024 RMB'000	
Zhuhai First Capital Education Investment Fund (Limited Partnership) (珠海首控教育產業投資基金 (有限合夥)) ("Zhuhai Education")	The PRC	45.47%	45.47%	-	54,369	Equity investment
Singapore Raffles Music College Pte. Ltd. ("SRMC") (Note (a))	Singapore	N/A	40%	-	16,086	Education services
Chongqing First Capital Cultural Investment Equity Investment Fund (Limited Partnership) (重慶首控文投股權投資基金合夥企業 (有限合夥)) ("FC Wentou") (Note (b))	The PRC	N/A	50.08%	-	684	Equity investment
				-	71,139	

Notes:

- (a) In August 2025, the Group has disposed of its 100% equity interests in First Capital Mega International Limited, a wholly owned subsidiary, at a consideration of USD100 (equivalent to approximately RMB700) to an independent third party. First Capital Mega International Limited holds 45% equity interest in SRMC.
- (b) FC Wentou was de-registered on 15 September 2025.

## 18 INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information in respect of the joint ventures, representing amounts shown in the joint ventures' financial statements for the year ended 31 December 2025 and 2024 prepared in conformity with HKFRS are as below:

	<b>Zhuhai Education RMB'000</b>	<b>SRMC RMB'000</b>	<b>FC Wentou RMB'000</b>
<b>At 31 December 2025</b>			
Current assets	33,449	N/A	N/A
– cash and cash equivalents	1	N/A	N/A
Current liabilities	(126,717)	N/A	N/A
	(93,268)	N/A	N/A
Revenue	–	–	–
(Loss)/profit and total comprehensive (loss)/income for the year/period	(176,224)	1,025	–
	Zhuhai Education RMB'000	SRMC RMB'000	FC Wentou RMB'000
<b>At 31 December 2024</b>			
Current assets	226,330	44,489	2,174
– cash and cash equivalents	1	21,542	2,174
Non-current assets	–	15,753	–
Current liabilities	(143,374)	(34,180)	–
Non-current liabilities	–	(8,938)	–
	82,956	17,124	2,174
Revenue	–	47,120	–
(Loss)/profit and total comprehensive (loss)/income for the year	(43)	10,472	(6)

## 18 INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amounts of the interests in the joint ventures recognised in the consolidated financial statements is as below:

	Zhuhai Education RMB'000	SRMC RMB'000	FC Wentou RMB'000
<b>At 31 December 2025</b>			
Net liabilities of each joint venture	(93,268)	N/A	N/A
Proportion of the Group's ownership interest in each joint venture	45.47%	40%	50.08%
The Group's share of net liabilities of each joint venture	(42,409)	N/A	N/A
Impairment loss	(12,862)	N/A	N/A
Adjustments (Note a)	29,511	N/A	N/A
	(25,760)	N/A	N/A
Share of loss of a joint venture in excess of the entity's interest in the joint venture	25,760	N/A	N/A
Carrying amount of the Group's interest in each joint venture	–	N/A	N/A
Share of (loss)/profit in each joint venture based on the Group's ownership interests	(80,129)	410	–
Share of loss of a joint venture not recognised	25,760	–	–
The Group's share of (loss)/profit in each joint venture	(54,369)	410	–
	Zhuhai Education RMB'000	SRMC RMB'000	FC Wentou RMB'000
<b>At 31 December 2024</b>			
Net assets of each joint venture	82,956	17,124	2,174
Proportion of the Group's ownership interest in each joint venture	45.47%	40%	50.08%
The Group's share of net assets of each joint venture	37,720	6,850	1,089
Consideration premium	–	8,867	–
Exchange realignment	–	369	–
Impairment loss	(12,862)	–	(15,183)
Adjustments (Note a)	29,511	–	14,778
Carrying amount of the Group's interest in each joint venture	54,369	16,086	684
The Group's share of (loss)/profit in each joint venture	(20)	4,189	(3)

## 18 INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amounts of the interests in the joint ventures recognised in the consolidated financial statements is as below: (Continued)

Note

- (a) As at 31 December 2025 and 2024, the adjustment under Zhuhai Education and FC Wentou represented certain investment gains/losses arising from designated projects which are undertaken by other investment partners pursuant to partnership agreement and the Group agreed not to share the results in proportionate to its equity interests in the joint ventures. Other adjustments resulted from the capital withdrawals and injections by other investors, which influenced the proportion of the Group's ownership interests in Zhuhai Education.

Summary of share of results of joint ventures:

<b>For the year ended 31 December 2025</b>	<b>Zhuhai Education RMB'000</b>	<b>SRMC RMB'000</b>	<b>FC Wentou RMB'000</b>	<b>Total RMB'000</b>
The Group's share of (loss)/profit and other comprehensive (loss)/income	<b>(54,369)</b>	<b>410</b>	–	<b>(53,959)</b>
For the year ended 31 December 2024	Zhuhai Education RMB'000	SRMC RMB'000	FC Wentou RMB'000	Total RMB'000
The Group's share of (loss)/profit and other comprehensive (loss)/income	(20)	4,189	(3)	4,166

## 19 INTANGIBLE ASSETS

	<b>Customer relationship</b>	<b>Patents</b>	<b>Software</b>	<b>Brand</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost</b>					
At 1 January 2024	80,556	555	16,609	100,126	197,846
Additions	–	–	4,395	–	4,395
Exchange realignment	–	–	(1,622)	–	(1,622)
At 31 December 2024	80,556	555	19,382	100,126	200,619
Additions	–	–	<b>309</b>	–	<b>309</b>
Exchange realignment	–	–	<b>3,841</b>	–	<b>3,841</b>
At 31 December 2025	<b>80,556</b>	<b>555</b>	<b>23,532</b>	<b>100,126</b>	<b>204,769</b>
<b>Accumulated amortisation and impairment</b>					
At 1 January 2024	(47,847)	(555)	(10,395)	–	(58,797)
Amortisation charge for the year	(7,009)	–	(3,538)	–	(10,547)
Impairment loss for the year	(4,527)	–	–	(17,636)	(22,163)
Exchange realignment	–	–	227	–	227
At 31 December 2024	(59,383)	(555)	(13,706)	(17,636)	(91,280)
Amortisation charge for the year	<b>(4,537)</b>	–	<b>(954)</b>	–	<b>(5,491)</b>
Impairment loss for the year	<b>(6,648)</b>	–	–	<b>(32,967)</b>	<b>(39,615)</b>
Exchange realignment	–	–	<b>(584)</b>	–	<b>(584)</b>
At 31 December 2025	<b>(70,568)</b>	<b>(555)</b>	<b>(15,244)</b>	<b>(50,603)</b>	<b>(136,970)</b>
<b>Carrying values</b>					
At 31 December 2025	<b>9,988</b>	–	<b>8,288</b>	<b>49,523</b>	<b>67,799</b>
At 31 December 2024	21,173	–	5,676	82,490	109,339

## 19 INTANGIBLE ASSETS (Continued)

Amortisation expense and impairment loss of approximately RMB5,491,000 (2024: RMB10,547,000) and RMB39,615,000 (2024: RMB22,163,000), respectively, have been recognised in administrative expenses.

The management regards brand (“**brand from Xinjiang Edukeys**”) of approximately RMB49,523,000 (2024: RMB82,490,000), without legal or contractual useful life, generated from the acquisition of Xinjiang Edukeys International Education Services Co., Ltd. (新疆中際育才教育諮詢有限公司) (“**Xinjiang Edukeys**”) has an indefinite useful life as the brand from Xinjiang Edukeys can be widely used without a defined period.

As at 31 December 2025, the Group had conducted an impairment assessment of customer relationship and “brand from Xinjiang Edukeys” held by Xinjiang Edukeys and its subsidiaries, which has an indefinite useful life and used in the Group’s education management and consultation services business, as a separately identification CGU. The recoverable amount was determined based on value in use calculations and valued by an independent valuer. Value in use calculations used cash flow projections based on financial budgets approved by the management of the Group covering a five-year period.

The key assumptions for the value in use calculations included revenue growth rate, gross profit margin and pre-tax discount rate, such estimation was based on the unit’s past performance and management’s expectations for the market development. As at 31 December 2025, after considering the narrowing market in business operation, particularly in the field of “Project of Global Access” international program, the revenue growth rate is projected as -1.8% to 4.4% (2024: 4.5% to 5.0%), and the gross profit margin is projected as 30.6% to 35.0% (2024: 29.1% to 39.6%). The pre-tax discount rate used is 10.6% (2024: 12.1%). The discount rate used is pre-tax and reflects specific risks relating to the industry in relation to Xinjiang Edukeys. The cash flow beyond the five-year period (2024: five-year period) are extrapolated using a steady growth rate of 2.0% (2024: 2.0%) per annum.

The recoverable amount of Xinjiang Edukeys amounted to approximately RMB54,797,000 as at 31 December 2025 (2024: RMB103,663,000). An impairment loss was recognised due to a decline in the recoverable amount of the CGU, triggered by unfavorable market conditions, including a continuous shrinking in market demand for overseas education and an increasingly stringent approval process from external collaborating schools for overseas education program renewals. The Directors determined that there was an impairment loss of approximately RMB39,615,000 (2024: RMB22,163,000) on customer relationship and brand of Xinjiang Edukeys under education management and consultation services business segment for the year ended 31 December 2025.

As at 31 December 2025, a one percent decrease in the revenue growth rate and gross profit margin would result in an additional impairment loss of approximately RMB1,695,000 (2024: RMB7,443,000) and RMB7,363,000 (2024: RMB2,753,000) respectively, while one percent increase in the pre-tax discount rate would result in an additional impairment loss of approximately RMB5,959,000 (2024: RMB497,000).

## 20 DEFERRED TAX

Deferred tax assets and liabilities are netted off when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position:

	2025 RMB'000	2024 RMB'000
Deferred tax liabilities	(16,337)	(27,375)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following are the deferred tax assets/(liabilities) recognised and movements thereon during the current and prior year:

	Changes in fair values of financial instruments RMB'000	Fair value changes of assets acquired through business combination RMB'000	Total RMB'000
At 1 January 2024	7,762	(42,430)	(34,668)
(Charged)/credited to profit or loss	(7,762)	15,055	7,293
At 31 December 2024 and 1 January 2025	–	(27,375)	(27,375)
Credited to profit or loss	–	11,038	11,038
At 31 December 2025	–	(16,337)	(16,337)

As at 31 December 2025, the Group has unused tax losses of approximately RMB570,603,000 (2024: RMB770,008,000) will expire throughout to 2030 (2024: 2029), and RMB3,205,566,000 (2024: RMB2,981,976,000) can be carried forward indefinitely under PRC EIT and Hong Kong Profits Tax legislation, respectively. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC established subsidiaries that are received by non-PRC resident entities from 1 January 2008 onwards. No group companies established in the PRC has distributable profits as at 31 December 2025 and 2024.

## 21 FINANCIAL ASSETS MEASURED AT FVTPL

	2025 RMB'000	2024 RMB'000
Financial assets measured at FVTPL	<b>113,131</b>	86,046
Analysed for reporting purposes as:		
– Current assets	<b>113,131</b>	86,046

- (a) The financial assets measured at FVTPL classified under current assets at the end of each reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Listed equity securities:		
– Hong Kong	<b>11,016</b>	12,038
– The PRC	–	3,809
– Overseas	<b>8,777</b>	8,342
Unlisted equity investments:		
– Hong Kong	<b>120</b>	186
– The PRC	<b>91,430</b>	39,865
Unlisted fund investments:		
– The PRC	<b>1,788</b>	21,806
	<b>113,131</b>	86,046

## 21 FINANCIAL ASSETS MEASURED AT FVTPL (Continued)

(b) Details of some financial assets measured at FVTPL classified under current assets at the end of each reporting period are as follows:

Financial assets measured at FVTPL	As at 31 December 2025						For the year ended 31 December 2025	
	Main business	Number of shares held '000	% to shareholdings in the security	Fair value	% to	Investment costs RMB'000	Fair value changes RMB'000	Investment gain RMB'000
				RMB'000	the Group's total assets			
北京知路研修教育科技有限公司	Education	176.5	15.00%	13,608	0.34%	12,000	(914)	-
MindChamps (SGX.CNE)	Education	12,056	4.96%	8,777	0.22%	33,060	435	-
上海南壁新能源科技有限公司	Energy	1,000	8.93%	25,643	0.65%	3,000	13,583	-
上海浙減汽車懸架有限公司	Automotive parts	500	5.00%	27,132	0.68%	500	25,139	-
南陽威奧斯圖車輛減振器有限公司	Automotive parts	2,400	4.80%	25,048	0.63%	960	13,758	-

  

Financial assets measured at FVTPL	As at 31 December 2024						For the year ended 31 December 2024	
	Main business	Number of shares held '000	% to shareholdings in the security	Fair value	% to	Investment costs RMB'000	Fair value changes RMB'000	Investment gain RMB'000
				RMB'000	the Group's total assets			
北京知路研修教育科技有限公司	Education	176.5	15.00%	14,522	0.47%	12,000	(234)	-
MindChamps (SGX.CNE)	Education	12,056	4.96%	8,342	0.27%	33,060	(8,515)	-
上海南壁新能源科技有限公司	Energy	1,000	8.93%	12,060	0.39%	3,000	(7,164)	-
上海浙減汽車懸架有限公司	Automotive parts	500	5.00%	1,993	0.06%	500	(16,256)	-
南陽威奧斯圖車輛減振器有限公司	Automotive parts	2,400	4.80%	11,290	0.37%	960	10,280	-

## 22 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables (Note (a))	1,725,524	1,247,554
Less: allowance for trade receivables	(449,369)	(278,500)
	<b>1,276,155</b>	969,054
Bills receivables (Note (b))	608,749	262,455
Deposits and other receivables	232,435	184,615
Less: allowance for deposits and other receivables	(56,045)	(37,300)
	<b>2,061,294</b>	1,378,824
Prepayment to suppliers of automotive parts	121,644	112,357
Other prepayments	953	719
	<b>2,183,891</b>	1,491,900

The Group does not hold any collateral over these balances.

The Group applied simplified approach to provide the ECL prescribed by HKFRS 9 for trade receivables, whereas general approach was adopted for bills receivables and deposits and other receivables. Details of information about the exposure to credit risk and ECL for trade and other receivables are set out in Note 3.1(b).

- (a) The credit term for sales of goods is 90 days and there is no credit term for the provision of services.

The ageing of trade receivables presented based on invoice date (also approximate to the date of revenue recognition), net of allowance for trade receivables, is as follows:

	2025 RMB'000	2024 RMB'000
0 to 90 days	1,161,844	877,104
91 to 180 days	63,510	47,975
181 to 365 days	50,801	38,043
Over 365 days	-	5,932
	<b>1,276,155</b>	969,054

## 22 TRADE AND OTHER RECEIVABLES (Continued)

- (b) The balance represents 銀行承兌匯票 (“**banker’s acceptance notes**”), i.e. time drafts accepted and guaranteed for payment by banks in the PRC. Those banks accepting the banker’s acceptance notes, which are state-owned banks or commercial banks in the PRC, are the primary obligors for payment on the due date of such banker’s acceptance notes. All bills received by the Group are with a maturity period of less than one year.

The ageing of bills receivables presented based on issuance date, is as follows:

	2025 RMB'000	2024 RMB'000
0 to 30 days	261,856	90,079
31 to 60 days	107,782	75,164
61 to 90 days	110,965	–
91 to 120 days	1,240	29,282
121 to 150 days	60,570	61,676
151 to 180 days	66,336	6,254
	<b>608,749</b>	262,455

## 23 AMOUNT DUE FROM A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Zhuhai Education	126,178	126,066
Less: provision for impairment	(126,178)	(45,078)
	–	80,988

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

## 24 INVENTORIES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Raw materials	<b>20,839</b>	28,872
Work-in-progress	<b>12,858</b>	1,338
Finished goods	<b>275,628</b>	111,614
	<b>309,325</b>	141,824

As at 31 December 2025, the carrying amount included a provision of approximately RMB120,789,000 (2024: RMB72,325,000), which is determined with reference to the net realisable values of the inventory items.

Provision for impairment of approximately RMB48,464,000 (2024: RMB32,783,000) was made and included in "cost of sales and services" during the year ended 31 December 2025.

Cost of inventories sold amounted to approximately RMB2,712,854,000 (2024: RMB1,791,397,000) for the year ended 31 December 2025.

## 25 LOANS AND INTERESTS RECEIVABLES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Loans receivables	<b>4,278</b>	4,386
Interests receivables	<b>3,483</b>	3,044
	<b>7,761</b>	7,430

As at 31 December 2025, the original maturity terms of the outstanding balances are 12 months (2024: 12 months). The loan receivables carry interest rate at 12% (2024: 12%) per annum.

## 26 FINANCIAL GUARANTEE ASSETS MEASURED AT FVTPL

On 18 December 2017, a lender subscribed to the notes certificate issued by the Company, which has a maturity date of 18 December 2021. On 2 September 2020, listed equity securities held by a wholly-owned subsidiary of the Company, 四川裕嘉閣企業管理有限公司 (“四川裕嘉閣”), was pledged to the lender as collateral for the notes certificate. In addition, 四川裕嘉閣 provided a financial guarantee in respect of the note.

In February 2024, the Group disposed of its 100% equity interests in 四川裕嘉閣 to an independent third party (Note 34(d)) and, as part of the disposal arrangements, the buyer agreed that the listed equity interests held continued to be pledged as collateral for the notes certificate.

As the financial guarantee received is not considered integral to the underlying notes, it is measured at fair value through profit or loss and the changes in the fair value are recognised in profit or loss. As at 31 December 2025 and 2024, the fair value of the financial guarantee assets is measured with reference to the market value of the pledged listed equity securities.

## 27 RESTRICTED BANK BALANCES AND BANK BALANCES AND CASH

As at 31 December 2025, bank balances carry interest at market rates ranging from 0.01% to 0.1% (2024: 0.01% to 0.2%) per annum. The remittance of funds out of the PRC amounted to approximately RMB267,168,000 (2024: RMB123,092,000) is subject to foreign exchange restrictions imposed by the PRC government.

As at 31 December 2025, included in the balances of restricted bank balances are (i) an aggregate amount of approximately RMB76,134,000 (2024: RMB47,649,000) representing the customer deposits for trading securities, (ii) RMB178,546,000 (2024: RMB180,809,000) representing cash deposited with banks as pledge for the bills payables with an original maturity within one year issued to suppliers for the purchase of raw materials, and (iii) RMB5,304,000 (2024: RMB204,000) representing other restricted funds. As at 31 December 2025, restricted bank balances, carrying interest at market rates ranging 0.10% to 2.64% (2024: 0.10% to 1.60%) per annum.

## 28 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (Note (a))	1,385,899	959,746
Bills payables (Note (b))	387,106	363,000
	<b>1,773,005</b>	1,322,746
Accruals and other payables	321,328	255,915
Customer deposits for securities trading	77,291	44,917
Other tax payables	46,525	7,702
Payroll and welfare payables	36,680	52,188
	<b>2,254,829</b>	1,683,468

(a) The ageing of trade payables presented based on invoice date is as follows:

	2025 RMB'000	2024 RMB'000
0 to 90 days	915,519	586,567
91 to 180 days	241,582	108,722
181 to 365 days	5,825	46,196
Over 365 days	222,973	218,261
	<b>1,385,899</b>	959,746

(b) The ageing of bills payables presented based on issuance date is as follows:

	2025 RMB'000	2024 RMB'000
0 to 30 days	170,486	170,000
31 to 60 days	130,000	175,800
61 to 90 days	86,620	17,200
	<b>387,106</b>	363,000

## 29 BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank borrowings	803,998	780,990
Notes and debentures	978,568	943,522
Invoice financing loans (Note (c))	496,851	183,987
Other borrowings	155,708	138,672
Loans from government (Note (a))	70,086	67,732
Loans from independent third parties (Note (b))	85,622	70,940
	<b>2,435,125</b>	2,047,171
Unsecured borrowings	1,314,733	1,370,814
Secured borrowings	1,120,392	676,357
	<b>2,435,125</b>	2,047,171

## Notes:

- (a) The loans from government are unsecured and were repayable on demand. The purpose of the government loans are to encourage the innovation and product development of the Group located in the PRC. As at 31 December 2025, the loans were in default, and default interest was accrued in accordance with the loan agreements during the year ended 31 December 2025 (2024: Nil).
- (b) The loans from independent third parties are unsecured, bearing interest range from 0% to 20% (2024: 0% to 18%) per annum and repayable within three years (2024: within four years). As at 31 December 2025, a portion of the loans were in default, and default interest was charged at 20% per annum in accordance with the loan agreements during the year ended 31 December 2025 (2024: Nil).
- (c) The loans are secured by bills receivables, bearing interest range from 0.55% to 1.01% (2024: 1.25% to 1.78%) per annum and repayable within one year.

The maturity dates of borrowings are as follows:

	2025 RMB'000	2024 RMB'000
Within one year or on demand	2,260,680	1,865,339
Between one year to two years	50,245	170,572
Between two to five years	124,200	11,260
	<b>2,435,125</b>	2,047,171
Less: non-current portion	<b>(174,445)</b>	(181,832)
Current portion	<b>2,260,680</b>	1,865,339

## 29 BORROWINGS (Continued)

The ranges of effective interest rates per annum on the Group's borrowings are as follows:

	2025	2024
Variable-rate borrowings	<b>China loan prime rate -0.20% to +0.85%</b>	China loan prime rate +0.10% to +0.80%
Fixed-rate borrowings	<b>0% to 20%</b>	0% to 18%

The Group has pledged certain assets to secure loan facilities granted to the Group. The carrying values of the assets pledged are as follows:

	2025 RMB'000	2024 RMB'000
Financial assets measured at FVTPL	<b>12,639</b>	12,754
Financial guarantee assets measured at FVTPL	<b>86,528</b>	87,248
Bills receivables with full recourse	<b>498,525</b>	184,670
	<b>597,692</b>	284,672

As at 31 December 2025, invoice financing loans from factoring of bills receivables with full recourse amounted to approximately RMB496,851,000 (2024: RMB183,670,000).

As at 31 December 2025, a shareholder of the Company, Wealth Max Holdings Limited, has pledged the Company's shares with fair value amounting to approximately RMB1,373,000 (2024: RMB1,605,000) to the financial institutions for securing financial facilities granted to the Group.

As at 31 December 2025, an aggregate amount of borrowings approximately RMB934,108,000 (2024: RMB979,863,000) were in default and were classified as current liabilities. In addition, an aggregate amount of borrowings approximately RMB46,098,000 (2024: Nil) were reclassified from non-current liabilities to current liabilities due to the breaches of financial covenants.

## 30 CONVERTIBLE BONDS

On 14 December 2017 (the "Issue Date"), the Company issued the convertible bonds at par with the aggregate principal amount of HK\$800,000,000 with conversion price of HK\$3.27 (subject to adjustment) per share (the "Convertible Bonds"). The Convertible Bonds was with maturity date on 13 December 2019 (the "Maturity Date") and the Company was bound to redeem at par on the Maturity Date. The conversion price was subject to downward adjustment for any future issue of Company's shares at a price less than 90% of the market price prior to the Convertible Bonds are redeemed, converted or purchased and cancelled.

### 30 CONVERTIBLE BONDS (Continued)

The Convertible Bonds bore interest from (and including) the issued date at the rate of (a) 7% per annum for the period from and including the Issue Date up to and excluding the first anniversary of the Issue Date; and (b) 8% per annum for the period from the first anniversary of the Issue Date up to and including the Maturity Date, interest was calculated by reference to the principal amount thereof and payable semi-annually in arrear on 20 June and 20 December of each year, commencing with the first interest payment date falling on 20 June 2018.

The Convertible Bonds were secured by an account charge executed by HongKong Chuang Yue Co., Limited (“**Chuang Yue**”) in favour of the bondholder.

Conversion at the option of the bondholder may occur at any time between the first anniversary of the Issue Date to the close of business on the date falling ten business days prior to the Maturity Date (both days inclusive) (“**Conversion Period**”).

During the Conversion Period, any conversion notice raised by the bondholder was subject to acceptance by the Company. An additional 2% per annum simple interest will be imposed on original principal amount of the Convertible Bonds less the aggregate amount of all principal amounts which had been redeemed or converted should the Company refuses to accept the conversion notice from the bondholder.

The Convertible Bonds contained liability component, conversion option and conversion-veto option derivatives. The Company’s conversion option and conversion-veto option were not closely related to the host liability component.

At the date of issue, the liability component was recognised at fair value, calculated based on the present value of the redemption amount and accrued interest at maturity. In subsequent periods, the debt component were carried at amortised cost using the effective interest method. The effective interest rate of the liability component prior to the Maturity Date was 10.39%.

The bondholder’s conversion option and the Company’s conversion-veto option were measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

Transaction costs that related to the issue of the convertible bonds are allocated to the liability and the bondholder’s conversion option and the Company’s conversion-veto option in proportion to their relative fair values. Transaction cost amounting to approximately HK\$392,000 relating to the bondholder’s conversion option and the Company’s conversion-veto option was charged to profit or loss immediately and included in other expenses. Transaction cost amounting to approximately HK\$35,608,000 relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

### 30 CONVERTIBLE BONDS (Continued)

The fair values of the Convertible Bonds were determined by the Directors with reference to a valuation report carried out by an independent valuer.

In December 2019, the Group was in default to redeem the convertible bonds with principal amount of HK\$800 million and in September 2020, a winding-up petition was presented by a holder of the convertible bonds to the Court of First Instance of the High Court of the Hong Kong Special Administrative Region in relation to the outstanding principal of the convertible bonds and the accrued interest in an aggregate amount of approximately HK\$863 million (equivalent to approximately RMB727 million). On 21 February 2022, Champion Sense Global Limited ("**Champion Sense**") agreed to apply for withdrawal of the winding-up petition and the judge of High Court had made an order to dismiss the winding-up petition.

On 13 January 2022, the Company, Champion Sense and Principal Global Investment Limited (being the new bondholder to purchase the Convertible Bonds held by Champion Sense) ("**Principal Global**") entered into the framework agreement in relation to the reorganisation of the Convertible Bonds and the amendment and restatement agreement to change the maturity date from 13 December 2019 to 15 May 2023 and the conversion price from HK\$16.35 per share to HK\$0.188 per share, respectively, which were effective from 16 May 2022.

According to the Convertible Bonds purchase agreement signed between Champion Sense as vendor and Principal Global as purchaser on 13 January 2022 (the "**CB Purchase Agreement**"), Principal Global will acquire the Convertible Bonds by stages from Champion Sense in 18 months from the date of the CB Purchase Agreement. On 31 December 2022, the principal of the Convertible Bonds is HK\$700,000,000. For the year ended 31 December 2022, the principal of HK\$30,000,000 and HK\$40,000,000 of the Convertible Bonds have been settled and converted to 212,710,000 shares, respectively.

The restructure of the Convertible Bond is accounted for as modification with loss on modification of liability component of RMB167,000 recognised during the year ended 31 December 2022. The Company's conversion option and conversion-veto option are not closely related to the host liability component as the economic characteristics and risks of such features are different from the host liability and hence they are not closely related to the host liability. The effective interest rate of the liability component of the Convertible Bonds is 22.7% per annum.

In May 2023, the Convertible Bond were defaulted due to the defaults in repayment of the outstanding principal and accrued interest on the repayment date, and therefore became immediately repayable and default interest of 15% per annum were accrued for the year ended 31 December 2025 and 2024.

## 30 CONVERTIBLE BONDS (Continued)

The movement of the debt component of the Convertible Bonds for the year are set out as below:

	<b>Financial liabilities at amortised cost – debt component</b>
	RMB'000
At 1 January 2024	958,540
Interest expenses (Note 11)	100,986
Exchange realignment	24,991
At 31 December 2024 and 1 January 2025	1,084,517
Interest expenses (Note 11)	103,899
Exchange realignment	(28,199)
At 31 December 2025	1,160,217

## 31 DEFERRED INCOME

	<b>Government grants</b>
	RMB'000
At 1 January 2024	35,435
Utilisation	(6,792)
At 31 December 2024 and 1 January 2025	28,643
Addition	<b>6,400</b>
Utilisation	<b>(5,004)</b>
At 31 December 2025	<b>30,039</b>

## 31 DEFERRED INCOME (Continued)

	2025 RMB'000	2024 RMB'000
Analysed for reporting purposes as:		
– Current liabilities	11,405	5,005
– Non-current liabilities	18,634	23,638
	<b>30,039</b>	28,643

The government grants mainly represented amounts designated for the expenditure on development of the recycling and purifying facilities, and the amounts received in relation to acquisition of certain plant and equipment, which were recorded as deferred income in the consolidated statement of financial position and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

## 32 PROVISIONS

	<b>Warranty provision</b> RMB'000
At 1 January 2024	58,359
Additions	23,674
Utilisation	(29,995)
At 31 December 2024 and 1 January 2025	52,038
Additions	113,043
Utilisation	(100,279)
At 31 December 2025	64,802

The warranty provision represents management's best estimate of the Group's liability under an average warranty period of three years (2024: two years) granted to customers, based on prior experience relating to defective products claims.

There are uncertainties associated with estimating the amount and timing of the outflows related to warranty provisions. These uncertainties arise from factors such as the number of warranty claims, the complexity of repairs, and changes in product failure rates. The ultimate outflows may differ from the amounts initially recognised due to these uncertainties. In estimating the warranty provisions, the Group considers historical warranty claim experience, product failure rates, and other relevant information. The significant assumptions made concerning future events include the expected percentage of warranty claims and average repair costs.

## 33 SHARE CAPITAL

	Number of shares	Share capital HK\$	Par value per shares HK\$
Authorised:			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000,000	1,000,000,000	0.10
Issued and fully paid:			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,848,000,000	184,800,000	0.10
		<b>2025 RMB'000</b>	2024 RMB'000
Share capital presented in the consolidated statement of financial position		<b>155,959</b>	155,959

## 34 DISPOSAL OF SUBSIDIARIES

## (a) Disposal of Gangsheng Qianhe Corporate Services Limited

In June 2025, the Group disposed of its 100% equity interests in Gangsheng Qianhe Corporate Services Limited for a consideration of HK\$10,000 (equivalent to approximately RMB9,000).

The analysis of the gain on disposal of Gangsheng Qianhe Corporate Services Limited is as follows:

	2025 RMB'000
Trade and other receivables	203
Bank balances and cash	99
Trade and other payables	(302)
Disposed	–
Consideration received	9
Gain on disposal	9
	<b>2025 RMB'000</b>
Cash consideration	9
Less: bank balances and cash	(99)
Net cash outflow on disposal	(90)

## 34 DISPOSAL OF SUBSIDIARIES (Continued)

## (b) Disposal of 福州首文教育諮詢有限公司

In January 2025, the Group disposed of its 100% equity interests in 福州首文教育諮詢有限公司 for no consideration.

The analysis of the gain on disposal of 福州首文教育諮詢有限公司 is as follows:

	2025 RMB'000
Bank balances and cash	1
Trade and other payables	(5)
Disposed	(4)
Consideration received	–
Gain on disposal	4

  

	2025 RMB'000
Cash consideration	–
Less: bank balances and cash	(1)
Net cash outflow on disposal	(1)

## (c) Disposal of First Capital Mega International Limited

In August 2025, the Group disposed of its 100% equity interests in First Capital Mega International Limited for a consideration of USD100 (equivalent to approximately RMB700).

The analysis of the gain on disposal of First Capital Mega International Limited is as follows:

	2025 RMB'000
Interest in a joint venture	17,145
Trade and other payables	(17,145)
Disposed	–
Consideration receivables	–*
Gain on disposal	–

  

	2025 RMB'000
Net cash outflow on disposal	–

\* Less than RMB1,000

## 34 DISPOSAL OF SUBSIDIARIES (Continued)

## (d) Disposal of 深圳新衍諮詢有限公司 and its wholly-owned subsidiary, 四川裕嘉閣企業管理有限公司 (“the Disposal Group”)

In February 2024, the Group disposed of its 100% equity interests in the Disposal Group for a consideration of RMB2,000,000. As part of the disposal arrangements, the buyer agreed 四川裕嘉閣 to continue providing the financial guarantee and to maintain the pledge of its listed equity securities on behalf of the Company.

The analysis of the gain on disposal of the Disposal Group is as follows:

	2024 RMB'000
Amount due from a joint venture	11,600
Financial assets measured at FVTPL	110,548
Bank balances and cash	6,422
Trade and other payables	(41,052)
Financial guarantee assets measured at FVTPL (Note 26)	(88,131)
Disposal Group disposed	(613)
Consideration receivables	2,000
Gain on disposal	2,613

  

	2024 RMB'000
Cash consideration	–
Less: bank balances and cash	(6,422)
Net cash outflow on disposal	(6,422)

## 35 COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of acquisition of plant and machinery and construction costs		
– Contracted for but not provided in the consolidated financial statements	65,542	37,610

### 36 RELATED PARTY TRANSACTIONS

No significant transactions with related parties disclosed elsewhere in the consolidated financial statements and the remuneration of directors and other members of key management as disclosed in Note 10.

### 37 FINANCIAL INSTRUMENTS BY CATEGORIES

		2025	2024
		RMB'000	RMB'000
<b>Financial assets</b>			
Amount due from a joint venture	At amortised cost	–	80,988
Amount due from an associate	At amortised cost	3,826	3,730
Trade and other receivables	At amortised cost	2,061,294	1,378,824
Loans and interests receivables	At amortised cost	7,761	7,430
Financial assets measured at FVTPL	FVTPL	113,131	86,046
Financial guarantee assets measured at FVTPL	FVTPL	86,528	87,248
Restricted bank balances	At amortised cost	259,984	228,662
Bank balances and cash	At amortised cost	293,481	147,384
<b>Financial liabilities</b>			
Trade and other payables	At amortised cost	2,171,624	1,623,578
Borrowings	At amortised cost	2,435,125	2,047,171
Convertible bonds	At amortised cost	1,160,217	1,084,517
Lease liabilities	At amortised cost	6,549	10,211

## 38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Net cash used in operations

	Notes	2025 RMB'000	2024 RMB'000
Loss before income tax		<b>(318,343)</b>	(485,451)
Adjustments for:			
Amortisation of intangible assets	9	<b>5,491</b>	10,547
Impairment losses on intangible assets	9	<b>39,615</b>	22,163
Impairment losses on property, plant and equipment	9	<b>32,232</b>	–
Depreciation of property, plant and equipment	9	<b>59,257</b>	51,361
Depreciation of right-of-use assets	9	<b>8,616</b>	11,005
Write-off of property, plant and equipment	8	<b>957</b>	8,288
Losses on disposal of right-of-use assets	8	<b>–</b>	1,673
Fair value changes of financial assets measured at FVTPL		<b>(51,952)</b>	34,184
Government grants	31	<b>(5,004)</b>	(6,792)
Provision of warranty	32	<b>113,043</b>	23,674
Interest income	7	<b>(2,336)</b>	(3,240)
Interest expense	11	<b>227,560</b>	234,063
Dividends income from financial assets measured at FVTPL	8	<b>(472)</b>	(6)
Share of results of associates	17(c)	<b>383</b>	2,390
Share of results of joint ventures	18	<b>53,959</b>	(4,166)
Provision for impairment of inventories	9	<b>48,464</b>	32,783
ECL, net of reversal		<b>295,801</b>	182,516
Impairment losses on interest in associate		<b>1,611</b>	–
Gains on disposal of subsidiaries	8	<b>(13)</b>	(2,613)
Gains on disposal of associates	8	<b>–</b>	(2,732)
Movement in exchange reserve		<b>30,839</b>	39,456
Operating cash flows before movements in working capital		<b>539,708</b>	149,103
Changes in working capital:			
Inventories		<b>(215,965)</b>	(28,305)
Trade and other receivables		<b>(906,291)</b>	(658,260)
Loans and interests receivables		<b>(331)</b>	6,446
Restricted bank balances		<b>(31,322)</b>	16,472
Trade and other payables		<b>588,813</b>	371,953
Government grants	31	<b>6,400</b>	–
Contract liabilities		<b>65,283</b>	(6,627)
Provisions		<b>(100,279)</b>	(29,995)
Cash used in operations		<b>(53,984)</b>	(179,213)

## 38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

## (b) Net debt reconciliation

	<b>Borrowings</b>	<b>Convertible bonds</b>	<b>Lease liabilities</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,689,213	958,540	18,983	2,666,736
Financing cash flows	203,844	–	(10,121)	193,723
Finance cost recognised (Note 11)	132,345	100,986	732	234,063
Non-cash changes	(2,000)	–	613	(1,387)
Exchange realignment	23,769	24,991	4	48,764
At 31 December 2024 and 1 January 2025	2,047,171	1,084,517	10,211	3,141,899
Financing cash flows	<b>289,812</b>	–	<b>(8,570)</b>	<b>281,242</b>
Finance cost recognised (Note 11)	<b>123,226</b>	<b>103,899</b>	<b>435</b>	<b>227,560</b>
Non-cash changes	–	–	<b>4,523</b>	<b>4,523</b>
Exchange realignment	<b>(25,084)</b>	<b>(28,199)</b>	<b>(50)</b>	<b>(53,333)</b>
At 31 December 2025	<b>2,435,125</b>	<b>1,160,217</b>	<b>6,549</b>	<b>3,601,891</b>

## (c) Non-cash transactions

- (i) The Group had additions to right-of-use assets and lease liabilities of approximately RMB4,523,000 (2024: RMB613,000) for the year ended 31 December 2025.
- (ii) In February 2024, the Group disposed of its 100% equity interests in the Disposal Group for a consideration of RMB2,000,000 to an independent third party. As at the disposal date, no cash consideration was received, as the consideration is settled through the other borrowings with the buyer.
- (iii) In July 2024, the Group disposed of its 4.94% equity interests in KSI Education for a consideration of approximately RMB5,296,000 to an independent third party. As at the disposal date, no cash consideration was received, as the consideration is settled through the other payables with the buyer.

### 39 SHARE OPTION SCHEME/SHARE-BASED PAYMENT

In June 2021, the Company terminated a share option scheme adopted in October 2011 (the “**Share Option Scheme 2011**”) and approved and adopted a share option scheme (the “**Share Option Scheme 2021**”) which will remain in force for a period of 10 years from the date of its adoption. Details of the Scheme were set out in section titled “Share Option Scheme” in the annual report for the year ended 31 December 2021.

During the years ended 31 December 2025 and 2024, no share options was granted under the Share Option Scheme 2021 by the Company. As at 31 December 2025, 10,000,000 share options granted under the Share Option Scheme 2011 were outstanding and no share options under the Share Option Scheme 2021 were outstanding (2024: Same).

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

	<b>Number of share options</b>
Outstanding as at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000

The share option was vested immediately at the date of grant and is exercisable at any time up to the expiring date, i.e. 15 June 2030, and the exercise price is HK\$1.50 per share.

## 40 SUBSIDIARIES

## (a) Particulars of the principal subsidiaries

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Principal country of operation and country of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Effective equity interest attributable to the Group		Principal activities	Legal form
			2025	2024		
<b>Directly held by the Company</b>						
CFCG Investment Partners International (Singapore) PTE. LTD.	Singapore, Singapore	SGD2,000,000	100%	100%	Investment holding	Private limited liability company
First Capital Finance Limited	Hong Kong, Hong Kong	HK\$10,000,000	100%	100%	Credit financing	Private limited liability company
<b>Indirectly held by the Company</b>						
Beijing Edukeys International Management Consulting Company Limited* (北京中際育才國際管理顧問有限公司)	The PRC, The PRC	RMB3,000,000	100%	100%	Education service	Domestic limited liability company
China Sunrise Asset Management Limited	Hong Kong, Hong Kong	HK\$43,000,000	100%	100%	Asset Management	Private limited liability company
China Sunrise Capital Limited	Hong Kong, Hong Kong	HK\$63,419,612	100%	100%	Financial advisory	Private limited liability company
China Sunrise Securities (International) Limited	Hong Kong, Hong Kong	HK\$300,000,000	100%	100%	Dealing and underwriting in Securities	Private limited liability company
First Capital Education Investment (Shenzhen) Company Limited* (首控教育投資(深圳)有限公司)	The PRC, The PRC	RMB100,000,000	100%	100%	Investment holding	Domestic limited liability company
First Capital International Investments Holdings Limited	Hong Kong, Hong Kong	HK\$100,000,000	100%	100%	Investment holding	Private limited liability company

## 40 SUBSIDIARIES (Continued)

## (a) Particulars of the principal subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 are as follows: (Continued)

Name of subsidiary	Principal country of operation and country of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Effective equity interest attributable to the Group		Principal activities	Legal form
			2025	2024		
<b>Indirectly held by the Company (Continued)</b>						
First Capital (Shenzhen) Equity Investment Fund Management Company Limited* (首控(深圳)股權投資基金管理有限公司)	The PRC, The PRC	US\$2,000,000	100%	100%	Fund management	Domestic limited liability company
Guang Da (China) Automotive Components Holdings Limited ("Guang Da")	The PRC, Hong Kong	HK\$92,003,740	92.5%	74%	Investment holding	Private limited liability company
Nanyang Cijan* (南陽浙減)	The PRC, The PRC	HK\$320,000,000	46.25% <sup>®</sup>	46.25% <sup>®</sup>	Research, development and manufacture of automobile absorber and suspension system products	Foreign invested limited liability company
Ordos Cijan Auto Shock Absorber Company Limited* (鄂爾多斯市浙減汽車減振器有限公司)	The PRC, The PRC	RMB10,000,000	46.25% <sup>®</sup>	46.25% <sup>®</sup>	Research, development and manufacture of automobile absorber and suspension system products	Domestic limited liability company
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理有限公司)	The PRC, The PRC	RMB2,000,000	100%	100%	Investment holding	Domestic limited liability company

## 40 SUBSIDIARIES (Continued)

## (a) Particulars of the principal subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 are as follows: (Continued)

Name of subsidiary	Principal country of operation and country of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Effective equity interest attributable to the Group		Principal activities	Legal form
			2025	2024		
<b>Indirectly held by the Company (Continued)</b>						
Shenzhen First Capital International Business Consulting Limited* (深圳首控國際商務諮詢有限公司)	The PRC, The PRC	HK\$2,000,000	100%	100%	Immigration consulting business	Foreign invested limited liability company
Tianjin Shuze Corporate Management Company Limited* (天津書澤企業管理有限公司)	The PRC, The PRC	RMB500,000,000	100%	100%	Corporate management	Domestic limited liability company
Way Assauto S.R.L.	Italy, Italy	Euro 110,000	46.25% <sup>®</sup>	46.25% <sup>®</sup>	Research, development of automobile absorber products	Private limited liability company
Xinjiang Edukeys*(新疆中際育才)	The PRC, The PRC	RMB5,000,000	100%	100%	Education service	Domestic limited liability company

<sup>®</sup> Although the Group owns not more than half of the effective equity interests in these entities, it is able to control more than half of the voting rights by non-wholly owned subsidiaries by virtue of the fact that majority of directors of these entities are elected by the Group and the boards of these entities are able to direct the activities of these entities which significantly affect the returns. The decisions are made by simple majority. It follows that the Group should consolidate these entities as subsidiaries in the Group's consolidated financial statements.

None of the above subsidiaries had issued any debt securities during the years or at the end of reporting period.

\* The English name is for identification purpose only.

## 40 SUBSIDIARIES (Continued)

## (b) Material non-wholly owned subsidiaries

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

Name of subsidiary	Place of incorporation/ establishment	Proportion of ownership and voting rights held by non-controlling interest		Profit/(loss) for the year allocated to non-controlling interest		Accumulated non-controlling interest	
		2025	2024	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Guang Da	The PRC	53.75%	53.75%	48,470	(77,377)	(20,271)	(68,532)
Individually immaterial subsidiaries with non-controlling interests				(14,109)	(336)	28,275	42,384
Non-controlling interests arising on the incorporation of a subsidiary				-	-	2,423	-
<b>Total</b>				<b>34,361</b>	<b>(77,713)</b>	<b>10,427</b>	<b>(26,148)</b>

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

	Guang Da	
	2025 RMB'000	2024 RMB'000
Current assets	3,029,673	1,804,021
Non-current assets	696,438	698,030
Current liabilities	(3,666,156)	(2,648,262)
Non-current liabilities	(182,057)	(65,679)
Equity	(101,831)	(143,358)
Non-controlling interests	(20,271)	(68,532)
Revenue	3,339,239	2,097,369
Profit/(loss) for the year	90,176	(143,958)
Other comprehensive (loss)/income	(388)	140
Total comprehensive income/(loss)	89,788	(143,818)
Summarised cash flows		
Cash flows from operating activities	(42,518)	(153,579)
Cash flows from investing activities	(101,837)	(60,950)
Cash flows from financing activities	287,252	204,730
Net increase/(decrease) in cash and cash equivalents	142,897	(9,799)

## 41 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

## (a) Statement of financial position of the Company

	Notes	2025 RMB'000	2024 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		–	4
Interests in subsidiaries		1,908	3,337
Amounts due from subsidiaries		19,232	66,211
		<b>21,140</b>	69,552
<b>Current assets</b>			
Deposits, prepayment and other receivables		124,290	39,811
Financial assets measured at FVTPL		18,328	16,956
Bank balances and cash		68	70
		<b>142,686</b>	56,837
<b>Total assets</b>		<b>163,826</b>	126,389
<b>EQUITY</b>			
Share capital	33	155,959	155,959
Reserves	41(b)	(2,401,100)	(2,298,790)
<b>Total deficit in equity</b>		<b>(2,245,141)</b>	(2,142,831)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		11,245	139,832
<b>Current liabilities</b>			
Accruals and other payables		5,730	5,951
Amounts due to subsidiaries		200,025	169,872
Borrowings		1,031,750	869,048
Convertible bonds		1,160,217	1,084,517
		<b>2,397,722</b>	2,129,388
<b>Total liabilities</b>		<b>2,408,967</b>	2,269,220
<b>Total equity and liabilities</b>		<b>163,826</b>	126,389
<b>Net current liabilities</b>		<b>(2,255,036)</b>	(2,072,551)

The statement of financial position of the Company was approved by the board of directors of the Company on 25 March 2026 and was signed on its behalf.

**Dr. Wilson SEA**  
Director

**Dr. ZHU Huanqiang**  
Director

## 41 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (Continued)

## (b) Reserve movement of the Company

	<b>Share option reserve</b>	<b>Translation reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	4,360	(446)	(1,941,286)	(1,937,372)
Loss for the year	–	–	(310,090)	(310,090)
Exchange difference arising on translation of presentation currency	–	(51,328)	–	(51,328)
Total comprehensive loss	–	(51,328)	(310,090)	(361,418)
At 31 December 2024 and 1 January 2025	4,360	(51,774)	(2,251,376)	(2,298,790)
Loss for the year	–	–	<b>(157,347)</b>	<b>(157,347)</b>
Exchange difference arising on translation of presentation currency	–	<b>55,037</b>	–	<b>55,037</b>
Total comprehensive income/(loss)	–	<b>55,037</b>	<b>(157,347)</b>	<b>(102,310)</b>
At 31 December 2025	<b>4,360</b>	<b>3,263</b>	<b>(2,408,723)</b>	<b>(2,401,100)</b>

# Financial Summary

A summary of the published consolidated results, assets, liabilities and non-controlling interests of the Group for the last five financial years is as follows:

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000 (restated)
Revenue	<b>3,446,783</b>	2,187,216	1,833,720	1,199,912	1,093,830
Cost of sales/services	<b>(2,829,168)</b>	(1,844,587)	(1,432,595)	(997,802)	(923,539)
Gross profit	<b>617,615</b>	342,629	401,125	202,110	170,291
Other income and expenses, other gains and losses	<b>128,727</b>	(7,214)	22,577	(114,720)	(134,772)
ECL, net of reversal	<b>(295,801)</b>	(182,516)	(247,476)	(16,192)	(18,919)
Impairment losses on goodwill, tangible and intangible assets	–	–	–	–	(379,103)
Impairment losses on interests in joint ventures	<b>(1,611)</b>	–	–	(12,862)	(21,232)
Selling and distribution expenses	<b>(122,047)</b>	(82,375)	(62,009)	(55,348)	(114,636)
R&D expenditure	<b>(122,573)</b>	(115,723)	(104,344)	(64,509)	(59,903)
Administrative expenses	<b>(240,751)</b>	(207,965)	(154,807)	(136,771)	(138,086)
Finance costs	<b>(227,560)</b>	(234,063)	(161,070)	(198,278)	(197,445)
Share of results of associates	<b>(383)</b>	(2,390)	(5,524)	(1,978)	(105)
Share of results of joint ventures	<b>(53,959)</b>	4,166	(54,700)	(21,361)	6,601
Loss before tax	<b>(318,343)</b>	(485,451)	(366,228)	(419,909)	(887,309)
Taxation	<b>11,025</b>	14,555	239	333	1,711
Loss for the year from continuing operations	<b>(307,318)</b>	(470,896)	(365,989)	(419,576)	(885,598)
Loss for the year from discontinued operations, net of tax	–	–	–	–	(216,916)
Loss for the year	<b>(307,318)</b>	(470,896)	(365,989)	(419,576)	(1,102,514)

	<b>Year ended 31 December</b>				
	<b>2025</b> <b>RMB'000</b>	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000 (restated)
Other comprehensive income/(loss) for the year, net of income tax	<b>91,186</b>	(14,793)	(30,865)	80,461	(126,883)
Total comprehensive loss for the year	<b>(216,132)</b>	(485,689)	(396,854)	(339,115)	(1,229,397)
(Loss)/profit for the year attributable to:					
Owners of the Company	<b>(341,679)</b>	(393,183)	(347,172)	(420,736)	(968,233)
Non-controlling interests	<b>34,361</b>	(77,713)	(18,817)	1,160	(134,281)
	<b>(307,318)</b>	(470,896)	(365,989)	(419,576)	(1,102,514)
Loss per Share <sup>#</sup> – Basic (RMB)	<b>(0.18)</b>	(0.21)	(0.19)	(0.28)	(0.88)
– Diluted (RMB)	<b>(0.18)</b>	(0.21)	(0.19)	(0.28)	(0.88)

# The weighted average number of ordinary Shares for the purpose of calculating the basic and diluted loss per Share has been adjusted with consideration of the effect of the Share Consolidation which became effective on 20 August 2021.

	<b>As at 31 December</b>				
	<b>2025</b> <b>RMB'000</b>	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	<b>714,049</b>	812,526	846,635	904,832	1,013,994
Current assets	<b>3,257,927</b>	2,275,212	1,960,673	1,846,366	2,042,220
Total assets	<b>3,971,976</b>	3,087,738	2,807,308	2,751,198	3,056,214
Current liabilities	<b>(5,877,728)</b>	(4,754,145)	(3,770,345)	(3,137,876)	(3,281,057)
Total assets less current liabilities	<b>(1,905,752)</b>	(1,666,407)	(963,037)	(386,678)	(224,843)
Non-current liabilities	<b>(211,461)</b>	(237,097)	(454,778)	(640,174)	(563,322)
Total (deficit in equity)/equity	<b>(2,117,213)</b>	(1,903,504)	(1,417,815)	(1,026,852)	(788,165)
Owners of the Company	<b>(2,127,640)</b>	(1,877,356)	(1,469,305)	(1,097,263)	(858,744)
Non-controlling interests	<b>10,427</b>	(26,148)	51,490	70,411	70,579

# Glossary

In this annual report (other than the Independent Auditor's Report, the consolidated financial statements and the notes to the consolidated financial statements), unless the context otherwise requires, the following expressions shall have the same meanings set out below:

<b>"2024 Financial Year"</b>	the financial year ended 31 December 2024
<b>"2025 Financial Year"</b>	the financial year ended 31 December 2025
<b>"AGM"</b>	the annual general meeting of the Company
<b>"Articles of Association"</b>	the articles of association of the Company, as amended from time to time
<b>"Auditor"</b>	the auditor of the Company
<b>"Audit Committee"</b>	the audit committee of the Company
<b>"Board"</b>	the board of Directors
<b>"CEO"</b>	the chief executive officer of the Company
<b>"Chairman"</b>	the chairman of the Board
<b>"Champion Sense"</b>	Champion Sense Global Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by CITIC FAMC
<b>"China" or "PRC"</b>	the People's Republic of China which for the purpose of this annual report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>"Chuang Yue"</b>	Hongkong Chuang Yue Co., Limited, a company incorporated in Hong Kong with limited liability, a Shareholder, and indirectly wholly-owned by Mr. Liu Kun
<b>"CITIC FAMC"</b>	China CITIC Financial Asset Management Co., Ltd. (formerly known as China Huarong Asset Management Co., Ltd.), a company incorporated in the PRC, whose issued shares are listed on the Main Board of the Stock Exchange with stock code of 2799
<b>"Co-CEO"</b>	the co-chief executive officer of the Company
<b>"Co-Chairman"</b>	the co-chairman of the Board

<b>“Company”</b>	China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange with stock code of 1269
<b>“Company Secretary”</b>	the company secretary of the Company
<b>“Convertible Bonds”</b>	the convertible bonds in the initial principal amount of HK\$800,000,000 issued by the Company on 14 December 2017, as revised with effect from 16 May 2022
<b>“Corporate Communications”</b>	the documents issued or to be issued by the Company for the information or action of holders of any of the Company’s securities as defined in Rule 1.01 of the Listing Rules
<b>“Corporate Governance Code”</b>	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
<b>“CSRC”</b>	the China Securities Regulatory Commission
<b>“Director(s)”</b>	the director(s) of the Company
<b>“ECL”</b>	expected credit losses
<b>“Edukeys Group”</b>	Xinjiang Edukeys International Education Services Co., Ltd.* (新疆中際育才教育諮詢有限公司) and its subsidiaries
<b>“EGM”</b>	the extraordinary general meeting of the Company
<b>“ESG”</b>	environmental, social and governance
<b>“ESG Executive Committee”</b>	the ESG executive committee of the Company
<b>“ESG Report”</b>	the 2025 ESG report of the Company
<b>“ESG Reporting Code”</b>	the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Listing Rules
<b>“FVTPL”</b>	fair value through profit or loss
<b>“GHG”</b>	greenhouse gas
<b>“Group”</b>	the Company and its subsidiaries

<b>“High Court”</b>	the High Court of Hong Kong
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“HKICPA”</b>	Hong Kong Institute of Certified Public Accountants
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Branch Share Registrar”</b>	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
<b>“Independent Third Party(ies)”</b>	third party(ies) who is/are independent of and not connected with the Company and its connected persons and not a connected person of the Company
<b>“INED(s)”</b>	the independent non-executive Director(s)
<b>“IPO”</b>	initial public offering
<b>“KPI(s)”</b>	key performance indicator(s)
<b>“Latest Practicable Date”</b>	13 April 2026, being the latest practicable date prior to the printing of this annual report for ascertaining certain information contained herein
<b>“Linksfield”</b>	Linksfield CPA Limited
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
<b>“Nanyang Cijan”</b>	Nanyang Cijan Auto Shock Absorber Co., Ltd.*(南陽浙減汽車減振器有限公司), a company incorporated in the PRC with limited liability and indirectly non-wholly owned by the Company
<b>“Nomination Committee”</b>	the nomination committee of the Company
<b>“R&amp;D”</b>	research and development
<b>“Remuneration Committee”</b>	the remuneration committee of the Company
<b>“Risk Management Committee”</b>	the risk management committee of the Company

<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SFC”</b>	the Securities and Futures Commission
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Share Award Scheme”</b>	the share award scheme adopted by the Board on 5 July 2022
<b>“Share Consolidation”</b>	the consolidation of every five issued and unissued shares of the Company of HK\$0.02 each into one consolidated share of the Company of HK\$0.10 each effective on 20 August 2021
<b>“Share Option Scheme 2011”</b>	the share option scheme adopted by the Company pursuant to the ordinary resolution of the Shareholders passed on 19 October 2011 and terminated on 9 June 2021
<b>“Share Option Scheme 2021”</b>	the share option scheme adopted by the Company pursuant to the ordinary resolution of the Shareholders passed on 9 June 2021
<b>“Shareholder(s)”</b>	the holder(s) of the Share(s)
<b>“Share(s)”</b>	(i) the ordinary share(s) of HK\$0.02 each in the issued and unissued share capital of the Company prior to 20 August 2021; or (ii) the consolidated ordinary share(s) of HK\$0.10 each in the issued and unissued share capital of the Company with effect from 20 August 2021, as the case may be
<b>“Singapore”</b>	the Republic of Singapore
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Strategy Committee”</b>	the strategy committee of the Company
<b>“Substantial Shareholder(s)”</b>	has the meaning ascribed thereto in the Listing Rules
<b>“US”</b>	the United States of America
<b>“Wealth Max”</b>	Wealth Max Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a Shareholder, and wholly-owned by Dr. Wilson Sea, the Chairman and an executive Director
<b>“%”</b>	per cent

\* For identification purpose only



中國首控集團有限公司  
China First Capital Group Limited

