



北京迪信通商貿股份有限公司  
Beijing Digital Telecom Co., Ltd.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
Stock Code: 06188



2025 Annual Report







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## COMPANY PROFILE

Beijing Digital Telecom Co., Ltd. (the “**Company**” or “**Digital Telecom**”) was founded in 2001 and has been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 06188) since 2014.

As at 31 December 2025, the Company had over 100 subsidiaries (collectively referred to as the “**Group**” or “**we**”) and had opened over 670 independently operated outlets and franchised outlets in 18 provinces and 4 municipalities over China. With its extensive offline sales channels and online sales platform, the Group provides a range of integrated services to consumers, ranging from the sales of mobile phone hardware and accessories, provision of value-added services for software, and provision of personalised services for mobile phones and after-sales services since its establishment.

The Group has continued to strengthen the construction of its governance system, laying a solid foundation for improving the state-owned enterprise management system. To better adapt to the development environment of the retail industry under new internal and external situations, we have cultivated new growth drivers while focusing on core businesses through multi-channel operational systems and multi-dimensional service models. This includes actively developing new retail operations and diversified product sales businesses to consolidate market competitiveness and brand influence. While consolidating its existing operations, the exploration, transformation and upgrading of the new energy business has achieved initial results. The household photovoltaic agency business continues to expand through nationwide coordination, achieving full coverage of leading brands and entering a phase of stable development.

In the tide of the new era, we will strive to lead the way and forge ahead toward higher goals, jointly writing a new chapter for Digital Telecom’s innovative development!



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. Xu Jili (*Chairwoman*)  
Ms. Xu Liping  
Mr. Liu Liang (appointed on 21 October 2025)  
Mr. Liu Donghai

### Non-executive Directors

Mr. Xie Hui (resigned on 21 October 2025)  
Mr. Jia Zhaojie  
Ms. Pan Anran

### Independent Non-executive Directors

Mr. Lv Tingjie  
Mr. Lv Pingbo  
Mr. Cai Chun Fai

## JOINT COMPANY SECRETARIES

Mr. Huang Mingqiang  
Ms. Ng Sau Mei (resigned on 3 September 2025)  
Ms. Au Ching (appointed on 3 September 2025)

## AUTHORIZED REPRESENTATIVES

Ms. Xu Liping  
Ms. Ng Sau Mei (resigned on 3 September 2025)  
Ms. Au Ching (appointed on 3 September 2025)

## AUDIT COMMITTEE

Mr. Cai Chun Fai (*Chairman*)  
Ms. Pan Anran  
Mr. Lv Tingjie

## NOMINATION COMMITTEE

Ms. Xu Jili (*Chairwoman*)  
Mr. Lv Pingbo  
Mr. Cai Chun Fai

## REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Cai Chun Fai (*Chairman*)  
Ms. Xu Liping  
Mr. Lv Pingbo

## STRATEGY COMMITTEE

Ms. Xu Jili (*Chairwoman*)  
Ms. Xu Liping  
Mr. Liu Liang (appointed on 21 October 2025)  
Mr. Liu Donghai  
Mr. Xie Hui (resigned on 21 October 2025)  
Mr. Jia Zhaojie

## LEGAL ADVISERS

As to Hong Kong law:  
Bird & Bird  
6/F, The Annex, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

As to PRC law:  
Zhong Lun Law Firm  
22-24/F and 27-31/F, South Tower of CP Center  
20 Jinhe East Avenue  
Chaoyang District  
Beijing  
PRC

## REGISTERED OFFICE

Room 24603, 46th Floor  
-4 to 45th Floor 101  
Building 1, No. 20 Courtyard, Lize Road  
Fengtai District  
Beijing  
PRC

## CORPORATE INFORMATION *(Continued)*

### HEADQUARTER

Room 24603, 46th Floor  
-4 to 45th Floor 101  
Building 1, No. 20 Courtyard, Lize Road  
Fengtai District  
Beijing  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

### H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL BANKS

China Merchants Bank Co., Ltd.  
China Citic Bank Corporation Limited  
China Minsheng Banking Corp., Ltd.  
Bank of Communications Co., Ltd.  
Industrial and Commercial Bank of China Co., Ltd.

### AUDITOR

Ernst & Young  
*Certified Public Accountants*  
27/F, One Taikoo Place  
979 King's Road, Quarry Bay  
Hong Kong

### STOCK CODE

6188

### COMPANY'S WEBSITE

[www.dixintong.com](http://www.dixintong.com)



## FINANCIAL HIGHLIGHTS

Item	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>Consolidated Statement of Profit or Loss</b>					
Revenue	16,544,002	18,016,358	17,145,992	13,507,537	10,243,930
Gross profit	463,767	670,911	781,351	637,432	575,788
(Loss) for the year	(1,468,100)	(1,406,214)	(666,025)	(279,145)	(3,596,985)
Other comprehensive income/(loss) for the year	3,202	(2,131)	2,678	(938)	(22,178)
Total comprehensive (loss) for the year	(1,464,898)	(1,408,345)	(663,347)	(280,083)	(3,619,163)
Attributable to:					
Owners of the parent	(1,436,353)	(1,376,273)	(627,367)	(276,517)	(3,589,431)
Non-controlling interests	(28,545)	(32,072)	(35,980)	(3,566)	(29,732)
(Loss) per share attributable to ordinary equity holders of the parent – Basic and diluted (RMB/share)	(1.62)	(1.55)	(0.84)	(0.38)	(4.87)
<b>Consolidated Balance Sheet</b>					
Non-current assets	299,398	334,451	346,721	375,330	664,327
Current assets	7,060,742	10,061,524	7,985,467	6,689,161	6,710,407
Total assets	7,360,140	10,395,975	8,332,188	7,064,491	7,374,734
Current liabilities	8,517,794	10,127,462	8,117,215	6,455,371	6,416,704
Total assets less current liabilities	(1,157,654)	268,513	214,973	609,120	958,030
Non-current liabilities	216,796	177,255	170,993	171,207	240,034
Net (liabilities)/assets	(1,374,450)	91,258	43,980	437,913	717,996
Share capital	886,460	886,460	886,460	732,460	732,460
Reserves	(3,642,851)	(2,206,498)	(815,848)	(303,895)	(27,378)
Equity attributable to owners of the parent	(2,756,391)	(1,320,038)	70,612	428,565	705,082
Non-controlling interests	1,381,941	1,411,296	(26,632)	9,348	12,914
<b>Consolidated Statement of Cash Flows</b>					
Net cash flows from/(used in) operating activities	236,206	(132,368)	57,523	(599,489)	(992,623)
Net cash flows from/(used in) investing activities	161,659	223,568	(178,322)	10,325	(30,478)
Net cash flows (used in)/from financing activities	(1,863,371)	2,501,265	613,932	721,443	1,045,794
Net (decrease)/increase in cash and cash equivalents	(1,465,506)	2,592,465	493,133	132,279	22,693
Cash and cash equivalents at beginning of year	3,309,731	717,266	224,133	91,225	71,413
Effect of foreign exchange rate changes on cash flow	0	0	0	629	(2,881)
Cash and cash equivalents at the end of year	1,844,225	3,309,731	717,266	224,133	91,225

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Group and the board (the “Board” or “Board of Directors”) of directors (the “Director(s)”) of the Company, I am pleased to present the annual results for the year.

Faced with the turbulent international landscape and the complex, ever-changing market conditions of 2025, all employees of Digital Telecom rose to the challenges with boldness and determination. With the support and backing of the Company's controlling shareholder, Zhuhai Huafa Group Co., Ltd.\* (珠海華發集團有限公司) (“Zhuhai Huafa”), Digital Telecom proactively adjusted its strategic development plans to adapt to market changes on the one hand, while continuously uncovering new business opportunities on the other, thereby driving the sustainable and healthy development of the Group.

For the year ended 31 December 2025, the Company's total revenue amounted to RMB16,544,002,000, representing a decrease of RMB1,472,356,000 or 8.17% from RMB18,016,358,000 for the same period of last year. The net loss for the year ended 31 December 2025 amounted to RMB1,468,100,000, representing an increase of RMB61,886,000 or 4.40% from the net loss of RMB1,406,214,000 for the same period of last year. The Group sold 3,428,000 mobile handsets, representing a decrease of 912,000 sets or 21.01% from 4,340,000 sets for the same period of last year. For detailed analysis of financial data, please refer to the Company's 2025 annual report.

During the year under review, the global economic landscape and industrial competition became increasingly complex and volatile. As global political gamesmanship continued to escalate, China's economy encountered challenges in the face of the dual test posed by compounded external shocks and the pains of structural adjustment. However, the government promptly introduced various economic stimulus measures, injecting new vitality in China's economic development. The state-led special campaign to stimulate consumption (“National Subsidy(ies)”) became the biggest boost and influencing factor in the retail market, though its effect on enhancing consumers' willingness to spend gradually weakened. Meanwhile, the intensified market control by core brand owners also increased the difficulty of conducting online retail and distribution businesses. Faced with multiple challenges from consumer and manufacturer factors, as well as external policies, we proactively adjusted our regional footprint and business mix, dedicating more effort to platform-based businesses with higher growth potential and more significant contributions to scale and profitability, thereby hedging against operational pressures from external uncertainties and ensuring the smooth operation of the Company.

Overall, we consolidated and adjusted management in several regions to achieve more efficient last mile management and more predictable benefit output. At the store level, we consistently focused on cost reduction and efficiency enhancement, continuously optimizing the structure of our directly operated stores. During the year under review, our store structure became more streamlined, and our regional distribution more concentrated.

In our retail operations, we found breakthroughs amidst stability and achieved innovation despite challenges. For online retail, we consistently adhered to at the forefront of exploring and participating in the rapidly developing wave of local lifestyle and instant retail formats, earning recognition from platforms and consumers. For offline retail, we seized opportunities during the National Subsidy period in the first half of the year, delivering a notable uplift in performance. After the National Subsidy wave receded in the second half of the year, we swiftly pivoted to create a front-warehouse platform model, effectively empowering small and medium-sized merchants in the industry while achieving increased performance ourselves. In our government and enterprise business, we insisted on balancing risk control with business development, ensuring an effective balance between scale and profit.

Regarding innovative businesses, in the first half of the year, we made simultaneous progress in household photovoltaics and the photovoltaic supply chain business. However, with the shift in photovoltaic policies, the photovoltaic supply chain business encountered significant headwinds in the second half of the year. After an adjustment period, the household photovoltaic business re-entered a stable development phase and will become the main focus of the Company's photovoltaic business in the next stage.

\* For identification purposes only

## CHAIRMAN'S STATEMENT *(Continued)*

2026 marks the first year of the “15th Five-Year Plan” period. The planning proposals emphasize improving people’s livelihoods and promoting consumption, with a focus on building a robust domestic market, thus creating favorable conditions for the full release of consumption potential. The consumer electronics industry also faces development opportunities such as the comprehensive return of National Subsidies, the launch of revolutionary products by leading brands, rapid growth in instant retail, and the emergence of new tracks and new product categories. However, the complex and volatile international situation and significant price increases for memory chips also bring considerable uncertainty to the industry’s development. Faced with both opportunities and challenges, Digital Telecom will confront difficulties head-on and advance with both pace and steadiness, comprehensively promote transformation and upgrading, seek performance from operations, pursue efficiency from management, and strive to achieve a breakthrough against the prevailing headwinds. Specifically, we will pursue our annual goals from the following aspects:

1. Advance both directly operated and franchised stores simultaneously, connecting online and offline to fully leverage National Subsidies. Focusing on the strategic window of deepening National Subsidy policies, we will coordinate online and offline operations, adhering to the dual-track approach of “directly operated + franchised” to achieve full market coverage. On one hand, we will consolidate the foundation of offline directly operated stores to fully capture National Subsidy orders. On the other hand, we will position ourselves as the preferred 3C merchant partner for the local lifestyle segments of major e-commerce platforms, while simultaneously promoting National Subsidy pallet services for e-commerce merchants, maximizing the benefits of the National Subsidy policies.
2. Closely follow product launches by leading manufacturers, adopting differentiated strategies based on regional characteristics “one region, one policy”. In 2026, leading consumer electronics manufacturers will introduce new products, with launches of revolutionary brands. Digital Telecom will closely follow the upward momentum of strategic brands in rapid succession. While adhering to the national unified strategy of core brands, we will innovate and implement a localized operation mechanism based on “one region, one policy,” formulating differentiated brand focus plans tailored to local conditions to precisely match regional market characteristics, thereby maximizing both brand resources and operating returns in tandem.
3. Expand product categories and strengthen the supply chain, operating around the clock to seize the high ground in instant retail. Seizing the opportunity presented by the rapid growth of instant retail, we will focus on developing high-potential categories beyond mobile phones and expand service scenarios. We will innovatively promote the 24-hour online operation model for stores, dynamically optimize product structure and regional coverage strategy, and enhance individual store output efficiency through “24/7 availability and instant response.”
4. Tap into AI smart hardware business and explore new track business opportunities. Focusing on emerging categories such as AI glasses and whole-home smart solutions, we aim to seize the new blue ocean of smart hardware. At the same time, leveraging the resource advantages of Zhuhai Huafa, we will deepen collaboration with manufacturers and service providers, steadily develop new energy businesses such as photovoltaics, build a new landscape of diversified business growth.

Advancing our business must be matched by corresponding improvements in management and institutional systems. Therefore, in 2026, we will continue to deepen compliance management, regional integration, talent cultivation, technical support, and the integration of business and finance to safeguard our operations.

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to the Group’s management team and employees for their unremitting efforts, as well as to our shareholders (the “**Shareholder(s)**”), investors and business partners for their support and trust. Looking ahead, we will surely grasp the momentum of national and industry development, advancing with a fighting spirit to achieve results that far exceed expectations, and deliver maximum returns to our Shareholders.

*Chairwoman of the Board*  
**Xu Jili**

Beijing, 31 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. BUSINESS REVIEW

For the year ended 31 December 2025, the Group sold 3,428,000 mobile handsets, representing a decrease of 912,000 sets or 21.01% from 4,340,000 sets for the year ended 31 December 2024. Operating revenue of the Group for the year ended 31 December 2025 amounted to RMB16,544,002,000, representing a decrease of RMB1,472,356,000 or 8.17% from the operating revenue of RMB18,016,358,000 for the year ended 31 December 2024. Net loss for the year ended 31 December 2025 amounted to RMB1,468,100,000, representing an increase of RMB61,886,000 or 4.40% from the net loss of RMB1,406,214,000 for the year ended 31 December 2024.

## II. FINANCIAL POSITION AND OPERATING RESULTS

### (i) Overview

For the year ended 31 December 2025, the Group recorded a net loss of RMB1,468,100,000, representing an increase of RMB61,886,000 or 4.40% from a net loss of RMB1,406,214,000 for the year ended 31 December 2024. The net loss attributable to the owners of the parent of the Company for the year ended 31 December 2025 was RMB1,439,555,000, representing an increase of RMB65,413,000 or 4.76% from the net loss attributable to the owners of the parent of the Company of RMB1,374,142,000 for the year ended 31 December 2024.

#### 1. Operating revenue

For the year ended 31 December 2025, operating revenue of the Group amounted to RMB16,544,002,000, representing a decrease of RMB1,472,356,000 or 8.17% from the operating revenue of RMB18,016,358,000 for the year ended 31 December 2024. The decrease in operating revenue was primarily due to a decline in sales of mobile telecommunications devices and accessories during the year ended 31 December 2025. Our sales of mobile telecommunications devices and accessories include (i) sales in our retail business including our independently operated outlets and online channels; (ii) sales in our franchise business; and (iii) sales in our wholesale business. Revenue from our retail business includes revenue from sales of mobile telecommunications devices and accessories in our independently operated outlets and store-in-store outlets, stores in cooperation with the mobile carriers and online sales platforms. Revenue from our franchise business includes revenue from sales of mobile telecommunications devices and accessories to our franchisees. Revenue from our wholesale business includes revenue from sales of mobile telecommunications devices and accessories we distribute to mobile carriers and other third-party retailers, and revenue from sales of photovoltaic equipment. Our service income from mobile carriers are primarily derived from the share of the call charges of the mobile carriers.

Other service fee income includes (i) management fees and service fees received from suppliers; (ii) income from value-added services; (iii) the rental fees we received by renting counter space to third parties who provide repair services; (iv) income from the service business; and (v) income from franchisees' services.

The Group's revenue from sales of mobile telecommunications devices and accessories amounted to RMB15,104,850,000 for the year ended 31 December 2025, representing a decrease of RMB917,742,000 or 5.73% as compared with the revenue from sales of mobile telecommunications devices and accessories of RMB16,022,592,000 for the year ended 31 December 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Group's service income from mobile carriers amounted to RMB205,791,000 for the year ended 31 December 2025, representing a decrease of RMB2,993,000 or 1.43% as compared with the service income from mobile carriers of RMB208,784,000 for the year ended 31 December 2024.

The Group's revenue from provision of online and offline sales and marketing services, other service fee income and rental income amounted to RMB280,853,000 in aggregate for the year ended 31 December 2025, representing a decrease of RMB247,463,000 or 46.84% as compared with that of RMB528,316,000 for the year ended 31 December 2024. Of which, for the year ended 31 December 2025, revenue from online and offline sales and marketing services amounted to RMB59,923,000, representing a decrease of RMB176,422,000 or 74.65% as compared to RMB236,345,000 for the year ended 31 December 2024. This was primarily due to the persistently sluggish offline market environment, which led to a reduction in the scale of offline channel promotion activities.

The Group's revenue from sales of photovoltaic equipment for the year ended 31 December 2025 was RMB672,643,000, representing a decrease of RMB119,498,000 or 15.09% as compared with the revenue from sales of photovoltaic equipment of RMB792,141,000 for the year ended 31 December 2024.

### 2. *Cost of sales*

The Group's cost of sales for the year ended 31 December 2025 amounted to RMB16,080,235,000, representing a decrease of RMB1,265,212,000 or 7.29% as compared with the cost of sales of RMB17,345,447,000 for the year ended 31 December 2024. The decrease in cost of sales was in line with the decrease in our operating revenue.

### 3. *Gross profit and gross profit margin*

Gross profit represents operating revenue net of cost of sales. For the year ended 31 December 2025, gross profit of the Group amounted to RMB463,767,000, representing a decrease of RMB207,144,000 or 30.88% from the gross profit of RMB670,911,000 for the year ended 31 December 2024. Our overall gross profit margins for the years ended 31 December 2024 and 2025 were 3.72% and 2.80%, respectively. The decrease in the overall gross profit margin as compared to that for the year ended 31 December 2024 was due to lower gross profit margin rate from sales of mobile telecommunications devices and accessories caused by fierce market competition in 2025.

### 4. *Other income and gains*

Other income and gains mainly include: (i) interest income; (ii) government grants; and (iii) others. The Group's other income and gains for the year ended 31 December 2025 amounted to RMB76,374,000, representing a decrease of RMB56,431,000 or 42.49% from RMB132,805,000 for the year ended 31 December 2024. The decrease was primarily due to the absence of gain on disposal of subsidiaries and reversal of accrued litigation liabilities in 2025.

### 5. *Selling and distribution expenses*

Total selling and distribution expenses of the Group for the year ended 31 December 2025 amounted to RMB401,281,000, representing a decrease of RMB9,928,000 or 2.41% as compared with the total selling and distribution expenses of RMB411,209,000 for the year ended 31 December 2024. The selling and distribution expenses for the year ended 31 December 2025 remained relatively stable as compared to that for the year ended 31 December 2024.

### 6. *Administrative expenses*

The Group's total administrative expenses for the year ended 31 December 2025 amounted to RMB182,983,000, representing a decrease of RMB1,936,000 or 1.05% as compared with the total administrative expenses of RMB184,919,000 for the year ended 31 December 2024. The administrative expenses for the year ended 31 December 2025 remained relatively stable as compared to that for the year ended 31 December 2024.

### 7. *Impairment losses on financial assets*

For the year ended 31 December 2025, the Group recorded the impairment losses on financial assets amounted to RMB1,160,695,000, representing a decrease of RMB254,371,000 or 17.98% as compared with the impairment losses on financial assets of RMB1,415,066,000 for the year ended 31 December 2024. Such decrease was primarily due to a decrease in the impairment loss of other receivables and deposits during the year ended 31 December 2025.

The impairment losses on financial assets represent the impairment of trade receivables amounted to RMB856,479,000 (2024: RMB739,159,000), impairment of other receivables and deposits amounted to RMB304,216,000 (2024: RMB675,907,000).

The trade receivables, other receivables due from third-party and the amounts due from related parties were impaired, mainly due to the fact that the consumer sentiment remained subdued in the People's Republic of China (the "PRC") and continued to weigh on the domestic retail industry of the sale of mobile telecommunications devices and accessories in 2025. Coupled with the sluggish domestic retail industry and weak consumer sentiment in the PRC in 2025, the rapid growth of e-commerce platforms has intensified market competition for physical stores in the telecommunications industry. This competition is particularly fierce among the younger generation, who tend to purchase telecommunications products online. As a result, consumers have shifted from offline channels to online platforms, leading to significant changes in the industry landscape. During the performance of specific collectability review by the Group, certain customers and counterparties were found to be under liquidity pressure and/or have difficulties in repaying the trade and other receivables on time and there is an increase in ageing of the trade and other receivables due to various reasons such as poor operating results.

Such receivables due from third-party mainly arose during the ordinary and usual course of the Group's business, which were recognized at the time prior to the change of control of the Group in 2021, and were primarily related to (i) payment made to third-party customers and suppliers which aimed to facilitate the Group's channel exploitation of the sales channels and offline branded outlets and their future business cooperation, and such payment was utilized as start-up cost of these sales channels; and (ii) the payment made on behalf of third-party franchisees such as prepaying store value telephone card to mobile carriers. Such amount due from related parties mainly arose during the ordinary and usual course of the Group's business.

For details of the impairment assessment method, please refer to notes 23 and 24 to the financial statements from pages 150 to 156 of this annual report.

### 8. *Other expenses*

Our other expenses mainly include impairment loss on inventory and liquidated damages and fines for store closure. For the years ended 31 December 2024 and 2025, our other expenses amounted to RMB25,820,000 and RMB37,584,000, respectively, representing a year-on-year increase of RMB11,764,000 or 45.56%, which was primarily due to an increase on liquidated damages for store closure in 2025.

### 9. *Finance costs*

The Group's total finance costs for the year ended 31 December 2025 amounted to RMB209,951,000, representing an increase of RMB36,043,000 or 20.73% as compared with the total finance costs of RMB173,908,000 for the year ended 31 December 2024. The increase was mainly due to an increase in financing borrowings from third party financial institutions.

### 10. *Income tax expenses*

The Group's total income tax expenses for the year ended 31 December 2025 amounted to RMB16,822,000, while the total income tax expenses for the year ended 31 December 2024 amounted to RMB2,031,000. This increase was mainly due to the adjustments in respect of current tax of previous periods.

#### (ii) *Liquidity and capital resources (current assets, financial resources)*

We operate in a capital-intensive industry and we finance our working capital, capital expenditure and other funding requirements mainly through income generated from operating activities, bank borrowings and loans from related parties.

The Group's cash and cash equivalents have decreased from RMB3,309,731,000 as at 31 December 2024 to RMB1,844,225,000 as at 31 December 2025, which was primarily due to the repayment of loans from related parties.

### (iii) Balance sheet items

#### 1. Trade and bills receivables

To enhance the sales of our mobile handsets and enlarge our market share, we granted different credit periods to some customers in 2025, and certain amount of trade receivables were guaranteed by the former controlling shareholders of the Company (the “**Former Controlling Shareholder(s)**”). Our retail sales to customers were cash sales. Credit periods are offered to customers of volume sales of telecommunications devices and accessories. The credit periods offered to customers of volume sales are considered on a case-by-case basis.

We maintain strict control over and closely monitor the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management of the Company. In view of the aforementioned and the fact that our trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

As at 31 December 2025, the trade and bills receivables after deduction of impairment amounted to RMB940,748,000, representing a decrease of RMB1,412,504,000 or 60.02% from RMB2,353,252,000 as at 31 December 2024.

As at 31 December 2025, the gross trade receivables amounted to RMB2,734,773,000, representing a decrease of RMB849,049,000 or 23.69% from RMB3,583,822,000 as at 31 December 2024.

As at 31 December 2025, the bills receivables amounted to RMB54,558,000, representing an increase of RMB50,938,000 or 1,407.13% from RMB3,620,000 as at 31 December 2024, which was mainly due to the increase in adoption of bills settlement.

#### 2. Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets, net of impairment as at 31 December 2025 amounted to RMB1,424,136,000, representing a decrease of RMB248,340,000 or 14.85% from RMB1,672,476,000 as at 31 December 2024.

Our prepayments and deposits mainly represent our prepayments to suppliers of mobile telecommunications devices and accessories and prepaid rental payments to lessors. Our prepayments and deposits before impairment as at 31 December 2025 amounted to RMB875,892,000, representing an increase of RMB37,244,000 or 4.44% from RMB838,648,000 as at 31 December 2024. The increase was mainly due to the reasonable arrangement of procurement payment according to the market demand. Our other receivables before impairment as at 31 December 2025 amounted to RMB1,544,559,000, representing a decrease of RMB75,697,000 or 4.67% from RMB1,620,256,000 as at 31 December 2024.

#### 3. Impairment of trade and other receivables

The provision for impairment loss of trade and other receivables balances is mainly attributable to: (1) the decline in the fair value of the pledged asset backings of the Former Controlling Shareholders; (2) the deteriorating creditworthiness of the counterparties.

For details of the impairment assessment method, please refer to notes 23 and 24 to the financial statements from pages 150 to 156 of this annual report.

### Portfolio and enforcement of asset backings of the Former Controlling Shareholder

As disclosed in note 23 to the financial statements from pages 150 to 154 of this annual report, the Former Controlling Shareholders agreed to collect and provide guarantees for the collection of certain trade and other receivables in the aggregate amount of approximately RMB2.23 billion (the “**Guaranteed Receivables**”) in 2021. The pledged asset backings of the Former Controlling Shareholder included property assets, investments, payables due to the Liu Family (as defined hereinafter) and the Company’s shares (the “**Share(s)**”) owned by the Liu Family at an estimated amount of RMB639 million as at 31 December 2025. In assessing whether it is the appropriate time to enforce the underlying collateral of the Guaranteed Receivables, the Board’s judgment is primarily based on whether the returns, as a result of such enforcement, can be maximised by the Company. In this regard, the Board had taken into account various factors, including (i) the current sluggish property market condition in the PRC owing to ongoing market downturn and heightened geopolitical tensions which in turn reduced investor appetite and may make it difficult to find potential buyers who are willing to acquire the relevant property assets at fair value; as such it may not be the most optimal time to dispose of such assets; (ii) the cost and expenses associated with ownership and possession of the secured property assets, which may include but are not limited to depreciation of such property assets, maintenance and operating costs as well as property-related taxes and fees; (iii) the limited relevance and synergy of such property assets with the Group’s business and operational circumstances should the Group take possession of the same, which would limit the commercial benefits and returns, and the retention of which may not provide meaningful operational advantages to the Group; (iv) the practical and inherent challenges of the disposal and realisation of such property assets in the short term and the timing required for such disposal; (v) the potential tax liabilities and transaction costs required in respect of the disposal and realisation of such assets; (vi) the PRC government had introduced a series of supportive policies and guidance measures, including reducing down payment requirements, lowering mortgage interest rates, and refining restrictions on housing purchases etc, which generally emphasise the support and stabilisation of the PRC property market, and which may lead to an eventual improvement of the PRC property market; and (vii) the current share price of the Company is relatively low. Although the underlying collateral of the Guaranteed Receivables will nonetheless always have a stated fair value, and the enforcement of which would still serve as protection against the Guaranteed Receivables given the impairment, the forced disposal or enforcement of such collateral may significantly impair the realisable amount. Accordingly, the Board is of the view that its decision not to enforce the underlying collateral at this juncture is well-considered and reasonable, and serves the longer-term interests of the Company and its Shareholders as a whole. The Board will continue to monitor market conditions and reassess its enforcement strategy depending on circumstances as and when necessary.

### Actions taken by the Group to recover the outstanding receivables

Despite the pledged assets provided by the Former Controlling Shareholder, the Group continues to strive to recover the outstanding receivables. In this regard, the Group has taken the following measures and actions to recover the Guaranteed Receivables and Non-Guaranteed Receivables:

- (i) Issuing demand letters: the Group had issued demand letters in respect of the account receivables of the Group as at 31 December 2025 totalling approximately RMB717 million, of which approximately RMB365 million are related to Guaranteed Receivables and RMB357 million are related to Non-Guaranteed Receivables. Non-Guaranteed Receivables of approximately RMB33.73 million had been successfully recovered during 2025 through this measure. The Company has continued to issue and follow up on the demand letters in respect of the outstanding receivables;
- (ii) Initiating legal action in respect of the Non-Guaranteed Receivables: the Company has engaged legal advisers to commence court proceedings in respect of approximately RMB12 million during the year ended 31 December 2025;
- (iii) Conducting reconciliations and urging payments from customers via regular telephone or instant messaging communication: the Group had implemented such measures to approximately RMB1,494 million of the account receivables of the Group as at 31 December 2025, of which approximately RMB264 million are related to Guaranteed Receivables and approximately RMB1.23 billion are related to Non-Guaranteed Receivables;
- (iv) Collection incentive program: in light of the increasing provision of impairment loss over the recent years, the Company initiated a collection incentive program since 2024. As at 31 December 2025, Non-Guaranteed Receivables of approximately RMB511 million have been included in the collection incentive program. The Group rewards staff who successfully collect payments based on their collection results to improve collection efficiency; and
- (v) Reviewing and improving the Group's account receivable management policies and procedures.

Additionally, the Group negotiates and agrees with customers, on a case-by-case basis, the settlement plans which may include repayment terms, such as the splitting of outstanding receivables into instalments to be settled by the relevant customers by certain dates (the “**Settlement Plan**”). In determining whether to enter into a Settlement Plan with a particular customer, the Group takes into account the customer's responsiveness and potential capacity for repayment. Such assessment is conducted through constant communication with the relevant customer, an understanding of the reasons for late repayment, and site visits carried out by the Company's headquarters personnel to the relevant customer's premises to coordinate repayment of the relevant receivables. As at 31 December 2025, the Group had entered into Settlement Plans with customers in respect of approximately RMB24.32 million of Non-Guaranteed Receivables, of which approximately RMB13.21 million had been settled and recovered by the Group pursuant to the Settlement Plans.

To address and improve the recovery rate of the recovery actions taken by the Company as a whole, the Company had also set up a special receivables recovery team (comprising of relevant business operations personnel corresponding to the relevant outstanding receivables and the financial and legal teams of the head office of the Group) (the “**Receivables Recovery Team**”). The Receivables Recovery Team has been tasked to analyse all outstanding receivables, and with regard to the individual circumstances of each customer, issue repayment reminder letters/demand letters. An individual dedicated personnel of the Company will follow up on the responses and feedback from the customers under the supervision of the Receivables Recovery Team. Based on the response and feedback from the relevant customers, the Receivables Recovery Team will further discuss the repayment plan and negotiate a Settlement Plan if feasible, or take further measures such as commencing legal proceedings or engaging a third-party risk agency to collect the outstanding receivables on the Group’s behalf in accordance with the Group’s accounts receivables management policies and procedures.

The Group will monitor recovery prospects on a continual basis, particularly in respect of large or long-overdue accounts, and will continue to liaise with relevant counterparties to determine whether more proactive measures are warranted.

#### 4. *Inventories*

Our inventories as at 31 December 2025 amounted to RMB481,179,000, representing an increase of RMB94,653,000 or 24.49% from RMB386,526,000 as at 31 December 2024, which was mainly due to an increase in the Group’s numbers of stores.

#### 5. *Trade and bills payables*

Our trade payables are non-interest bearing and are normally settled within 30 to 60 days. Our trade and bills payables as at 31 December 2025 amounted to RMB210,416,000, representing a decrease of RMB716,585,000 or 77.30% from RMB927,001,000 as at 31 December 2024. The decrease in trade and bills payables for the year was mainly attributable to the decrease in purchases as a result of the scaling down of the Group’s business size during the year.

#### 6. *Other payables and accruals*

Our other payables and accruals consist of (i) contract liabilities; (ii) payroll and welfare payables; (iii) accrued expenses; (iv) other payables; and (v) accrued liabilities.

Our other payables and accruals as at 31 December 2025 amounted to RMB1,220,498,000, representing an increase of RMB495,010,000 or 68.23% from RMB725,488,000 as at 31 December 2024. Such increase was mainly due to the increase in the Group’s business deposits with certain customers and suppliers.

#### 7. *Net current liabilities position*

Our net current liabilities as at 31 December 2025 amounted to RMB1,457,052,000, representing an increase of RMB1,391,114,000 or 2,109.73% from the net current liabilities of RMB65,938,000 as at 31 December 2024. Such change was mainly due to the decrease in cash and cash equivalents and trade and bills receivables and the increase in other payables and accruals in 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 8. Capital expenditure

For the year ended 31 December 2025, the Group's capital expenditure amounted to RMB23,132,000, which was incurred mainly in relation to purchase and construction of fixed assets, intangible assets and decoration costs in connection with the opening of new outlets and the renovation of old ones.

### 9. Interest-bearing bank and other borrowings

Our bank borrowings and other borrowings were primarily short-term in nature, and we also had long-term bank borrowings.

The following table sets forth our outstanding borrowings as at the dates indicated:

	31 December 2025		31 December 2024	
	Maturity date	RMB'000	Maturity date	RMB'000
<b>Current</b>				
Bank loans:				
Unsecured, repayable within one year	2026	4,118,700	2025	6,092,693
Secured, repayable within one year	2026	1,785,469	2025	1,558,400
Other borrowings:				
Unsecured, repayable within one year	2026	270,000	2025	80,000
Secured, repayable within one year	2026	814,300	2025	622,000
		<u>6,988,469</u>		<u>8,353,093</u>
<b>Long-term</b>				
Bank borrowings:				
Secured, repayable after one year	2027	124,800	2026	72,800
		<u>7,113,269</u>		<u>8,425,893</u>



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### (iv) Key financial ratios

The table below sets out our current ratio, gearing ratio and net debt-to-equity ratio as at the dates indicated:

#### Key financial ratios

Items	As at 31 December			Percentage of change
	2025	2024	Change	
Current ratio	<b>0.83</b>	0.99	-0.16	-16.16%
Gearing ratio	<b>133.93%</b>	98.31%	35.62%	36.23%
Net debt-to-equity ratio	<b>-180.52%</b>	465.89%	-646.41%	-138.75%

Current ratio is current assets divided by current liabilities as at the end of each financial period. Our current ratio as at 31 December 2025 was 0.83, representing a decrease of 0.16 or 16.16% from 0.99 as at 31 December 2024. Such decrease was mainly due to a significant reduction in current assets.

Gearing ratio is net debt divided by the sum of net debt and total equity as at the end of each financial period and multiplied by 100%. Net debt includes interest-bearing bank and other borrowings, lease liabilities, etc., less cash and cash equivalents. Our gearing ratio as at 31 December 2025 was 133.93%, representing an increase of 35.62 percentage points or 36.23% from 98.31% as at 31 December 2024. Such increase was primarily due to an increase in borrowings and a decrease in total equity.

Net debt-to-equity ratio equals to net debt divided by total equity as at the end of the financial period and multiplied by 100%. Our net debt-to-equity ratio as at 31 December 2025 was -180.52%, representing a decrease of 646.41 percentage points or 138.75% from 465.89% as at 31 December 2024. Such decrease was mainly due to a significant decrease in total equity.

### (v) Material acquisitions and disposals

For the year ended 31 December 2025, the Group had no material acquisitions and disposals.

### (vi) Contingent liabilities

For the year ended 31 December 2025, the Group did not have any material contingent liabilities.

### (vii) Foreign exchange rate risks

The Group's operating businesses are mainly located in the Chinese mainland, and the majority of transactions are conducted in Renminbi. Most of the Group's assets and liabilities are denominated in Renminbi. The Group's exposure to foreign currency risk relates to the Group's bank deposits and other receivables denominated in United States Dollars and Hong Kong Dollars. The Group has not hedged the foreign exchange rate risk.

### (viii) Restricted assets

As at 31 December 2025, except for the pledged deposits amounted to RMB2,349,454,000, there were no other restricted assets.

### (ix) Material investments

The Group did not have any material investment during the year ended 31 December 2025.

### (x) Employees, remuneration and training programmes for employees

For the year ended 31 December 2025, the Group had 2,615 employees (2024: 2,733). Salary costs and employees' benefit expenses of the Group amounted to approximately RMB302,009,000 for the year ended 31 December 2025. Remuneration for the Group's existing employees include salaries, performance-based bonus, social insurance, housing provident fund and other benefits.

In order to improve the overall quality of employees, the operation efficiency of the Group and the quality of the services, the Group has already held and will continue to hold various training programmes for employees, including training on professional quality, corporate culture, exchange of product and business information, and management skills for middle and senior management members. The trainings are carried out in various forms, mainly in three ways through online learning, seminars and conferences and on-site skill specific training programmes.

### (xi) Future material investment

Except as disclosed in this annual report, as at the date of this annual report, the Group does not have any material investment plan in the near future.

### (xii) Material events after the financial year ended 31 December 2025

As at the date of this annual report, the Group does not have any material events after the financial year ended 31 December 2025.

### (xiii) Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.



### III. BUSINESS OUTLOOK FOR 2026

Year 2026 is a crucial year for Digital Telecom to seek breakthroughs by focusing on its core business and pursue transformation by leveraging its capabilities. In the face of multiple challenges – a rapidly changing international landscape, continuously rising industry costs, and persistently weak consumer spending – Digital Telecom will first leverage its nationwide distribution network advantage. On the one hand, it will promote the successful implementation of local government subsidy programmes in multiple regions; on the other hand, it will closely follow the new retail trend of online and offline synergy, thereby strengthening and expanding the scale of its core business. Furthermore, it will undertake a comprehensive transformation of its retail footprint centred on its core business, a repositioning of its distribution function, the development of full-category supply chain services beyond its core business, and the advancement of innovative government-facing corporate business initiatives. In the new year, Digital Telecom will adopt a progressive spirit to develop its front-end business and a rigorous and pragmatic approach to enhance its refined management standards, ensuring the high-quality achievement of its annual targets:

- (i) **Expand product categories, refine services, increase business formats, and comprehensively improve the operational quality and output efficiency of the core retail business**

In terms of offline retail operations, the national subsidy policy remains the core driver, with regional industrial policies will serve as a strong complement. To further enhance customer loyalty, Digital Telecom will refine its store categorisation and, based on the attributes of customer groups corresponding to different store types, boldly explore new products and services to comprehensively improve the refined operational level and profitability of its stores. In terms of online retail operations, it will continue to pursue the operational strategy of “securing authorisations, expanding channels, and increasing product categories”, while continuously strengthen cooperation with mainstream e-commerce platforms. At the same time, it will actively embrace new business formats such as instant retail, promptly responding to new changes in customer demand. In terms of private domain operations, it will expand its internally developed private domain, combined with national subsidy support, into an “ecological private domain” jointly operated with numerous small and medium-sized merchants. This aligns with Huafa Group’s “Better Life Ecosystem” strategy, comprehensively enhancing the perceived value and revenue conversion for private domain customers.

- (ii) **Leverage strengths, foster multi-party collaboration, actively empower small and medium-sized merchants across regions, build an ecosystem, and expand the scale of the core business**

Amidst a turbulent international situation, and given the reality of sudden increases in industry costs and further suppressed consumer appetite for mobile phone upgrades, Digital Telecom will collaborate with manufacturers, telecom operators, and various local commercial management organisations. It will explore effective pathways to transform Digital Telecom's industry position and accessible industry resources into empowerment for small and medium-sized merchants across regions. This aims to form a close alliance between these merchants and Digital Telecom – spanning supply chain to policy support, products to services, and operations – to help small and medium-sized merchants improve their operational capabilities, jointly build an industry ecosystem, and achieve an effective expansion of Digital Telecom's core business scale.

- (iii) **Strategically position new product categories in advance, steadily explore new models such as agency and distribution, and promote business transformation**

Facing categories related to, but not overlapping with, mobile phones – such as whole-home smart solutions, AI terminal devices (including AI glasses), and embodied robots – Digital Telecom is not only focusing on its traditional strength in retail but has also begun active exploration in the fields of distribution and agency. With regard to innovative business already underway, Digital Telecom will continue to collaborate with Huafa Properties to provide whole-home smart products and services within its construction and sales projects, whilst continuously exploring project opportunities with government and corporate clients in related sectors like chips and memory. With regard to innovative business yet to be explored, Digital Telecom will effectively expand the agency scale for leading AI eyewear brands and establish comprehensive cooperation with leading brands in embodied robotics. Leveraging its established operational network and sales system across various regions, it will assist these robotics brands in penetrating both the B2B and B2C markets. Beyond this, by drawing on its long-established strengths and capabilities in the mobile phone supply chain, Digital Telecom will also fully engage in sub-sectors within the mobile phone industry, such as equipment rental, providing a comprehensive suite of platform services – including supply chain and financing – to various mainstream brands in the sector.

- (iv) **Unwaveringly pursue cost reduction and efficiency enhancement, safeguarding business expansion through refined management**

In 2026, Digital Telecom will continue to deepen its efforts in cost reduction and efficiency enhancement. On one front, it will persistently advance regional integration at the frontline level, reducing the scale of support functions and improving the efficiency of the support system. On another front, it will continuously improve the turnover efficiency of products and funds in areas such as supply chain and capital management, reducing inventory carrying costs and capital usage costs, thereby consistently enhancing internal operational efficiency. Concurrently, through measures such as job rotation for personnel and system enhancements, it will strengthen business and finance integration, striking a balance between increasing business flexibility and ensuring adequate financial support with manageable risks. At the same time, Digital Telecom will continuously elevate its level of refined management, adhering to the principle that risk control precedes business expansion, supported by digital infrastructure and full-process monitoring, and underpinned by an efficient decision-making mechanism involving process review and timely adjustments. Through these measures, it aims to achieve improving business returns and reduced risk exposure, ensuring the full accomplishment of Digital Telecom's targets for 2026.

# DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Directors

**Ms. Xu Jili**, aged 54, joined the Company as a non-executive Director and chairwoman of the Company in June 2021. She was re-designated as an executive Director and president of the Company in August 2021. Ms. Xu has been the chairwoman of Zhuhai Huafa Group Finance Co., Ltd.\* (珠海華發集團財務有限公司) (“**Huafa Finance Company**”) since March 2015 and has been the chairwoman of Zhuhai Huafa Trade Holdings Ltd.\* (珠海華發商貿控股有限公司) (“**Huafa Trade**”) from March 2015 to June 2025. From April 2015 to June 2025, she has been a director of Zhuhai Huafa Investment Holdings Group Co., Ltd.\* (珠海華發投資控股集團有限公司) (“**Huafa Investment Holdings**”). From January 2017 to March 2020, she was the deputy general manager of Huafa Investment Holdings. From March 2020 to March 2023, she was the executive vice president of Huafa Investment Holdings. Ms. Xu has been a director of Zhuhai Huafa Properties Co., Ltd. (珠海華發實業股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600325) from March 2016 to January 2026. From September 2016 to June 2025, she has been the general manager and a director of Zhuhai Huafa Multi-Business Development Co., Ltd.\* (珠海華發綜合發展有限公司) (“**Huafa Multi-Business Development**”), and from August 2024 to June 2025, she has served as the chairwoman of the board of directors for Huafa Multi-Business Development. Ms. Xu has been the chief financial officer of Zhuhai Huafa since March 2018, and has concurrently served as the deputy general manager since February 2023. She was a director of Johnson Cleaning Services Co., Ltd. from April 2017 to June 2022. She was a director of Hong Kong Johnson Holdings Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1955) from July 2018 to June 2022 and was re-designated as a non-executive director and chairwoman of the board of directors from January 2019 to June 2022. Ms. Xu has been a director of Johnson Investment Holding Co., Ltd. from August 2018 to June 2022.

Ms. Xu Jili obtained a Bachelor’s degree in Economics from Nankai University in July 1993. She also obtained a Master’s degree in Management from South China Agricultural University in June 2006.

**Ms. Xu Liping**, aged 45, joined the Company in June 2021 as an executive Director. Ms. Xu was the deputy general manager of Huafa Trade from May 2017 to May 2018 and was re-designated as the general manager since May 2018; she has served as a director of Huafa Trade since December 2022 and as chairlady of Huafa Trade since June 2025. She has been the general manager of Zhuhai Chuanghua International Trade Co., Ltd.\* (珠海創華國際商貿有限公司) and Zhuhai Zhihua International Trading Co., Ltd.\* (珠海致華國際商貿有限公司), respectively, from June 2018 to May 2025, and concurrently served as an executive director from May 2020 to May 2025. She has served as a director of Huafa Multi-Business Development since July 2025.

Ms. Xu Liping received a Bachelor’s degree in Law from Zhongnan University of Economics and Law in June 2004 and an EMBA degree from University of Macau in August 2024.

**Mr. Liu Liang**, aged 46, joined the Group in March 2022. He served as the general executive vice president of the Company from March 2022 to January 2025, and has served as the executive president of the Company since January 2025 and an executive Director since October 2025. He is mainly responsible for the implementation of specific operation management of the Group. Mr. Liu holds the positions of chairman, vice-chairman, director, legal representative and general manager in various subsidiaries of the Company, such as the legal representative, director and general manager of Beijing D-phone Trading Co., Ltd.\* (北京迪信商貿有限責任公司), a direct wholly-owned subsidiary of the Company, and director of Shanghai Dixin Electronic Communication Technology Co., Ltd.\* (上海迪信電子通信技術有限公司), a direct wholly-owned subsidiary of the Company. Since February 2022, Mr. Liu has served as an operation management expert at the Strategic Operation and Science and Innovation Management Center of Zhuhai Huafa, a controlling Shareholder. From February 2001 to February 2022, Mr. Liu served in various management positions, including branch general manager, brand director and general manager of the supply chain department at Telling Telecommunication Holding Co., Ltd.\* (天音通信控股股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000829.SZ), which is primarily engaged in the marketing services for communication products and the mobile internet business.

\* For identification purposes only

## DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Mr. Liu obtained a Bachelor's degree in Human Resources Management from Beijing Jiaotong University in June 2017, and further obtained a Master's degree in Business Administration from University of the East in the Philippines in December 2023.

**Mr. Liu Donghai**, aged 60, joined the Company in June 2001 and was the chairman of the Board from December 2013 to June 2021 and the executive president of the Company from August 2021 to January 2025. He was appointed as the special advisor to the Company since January 2025.

Mr. Liu Donghai obtained a Master's degree in Business Administration from China Europe International Business School in September 2003. He has been the vice president of the China Electronics Chamber of Commerce since December 2012.

### Non-executive Directors

**Mr. Jia Zhaojie**, aged 48, joined the Company in September 2021 as a non-executive Director. Mr. Jia served as the manager of business department I and the assistant to general manager of Huafa Trade from July 2014 to May 2018, and has been the deputy general manager of Huafa Trade since May 2018 and a director of Huafa Trade since July 2025. He was an executive director and the general manager of Shanghai Zhaohua International Trade Co., Ltd.\* (上海昭華國際貿易有限公司) and Nantong Yaohua International Trade Co., Ltd.\* (南通曜華國際貿易有限公司) from October 2021 to May 2025.

Mr. Jia Zhaojie received a Bachelor's degree in Management Science from Harbin Institute of Technology in July 2001 and an EMBA degree from University of Macau in August 2024.

**Ms. Pan Anran**, aged 38, is a senior purchasing specialist. She joined the Company in September 2021 as a non-executive Director. Ms. Pan served as the deputy manager of business department I and the deputy manager of business department III of Huafa Trade from April 2016 to December 2017. She has been the deputy manager, deputy chief officer and deputy general manager of the legal and risk control department of Huafa Trade from December 2017 to May 2022. She has been re-designated as the general manager of the risk management department since May 2022. She has served as the assistant to the general manager of Huafa Trade from February 2023 to March 2024; has been re-designated as the deputy general manager of Huafa Trade since March 2024; and served as a director of Huafa Trade since July 2025.

Ms. Pan Anran obtained a Bachelor's degree in Literature from Central China Normal University in Hankou in June 2007 and an EMBA degree from University of Macau in July 2025.

\* For identification purposes only

## DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

### Independent Non-executive Directors

**Mr. Lv Tingjie**, aged 70, has been an independent non-executive Director since November 2009, mainly responsible for attending the meetings of the Board, voting on the resolutions considered at the meetings of the Board, and overseeing the management of the Company. He has served as a professor, a doctoral tutor and the executive dean of School of Economics and Management of Beijing University of Posts and Telecommunications (北京郵電大學) since May 1997, June 1999 and September 2007, respectively. He has been the standing director of the International Telecommunications Society (國際電信協會) since June 2007, mainly responsible for coordinating the economic cooperation and academic exchanges in Asia and Greater China region, a member of the Expert Committee for Telecommunication Economy of the Ministry of Industry and Information Technology (工業和信息化部電信專家委員會) since 2004, mainly responsible for policy consultation, examination and appraisal work, and the vice chairman of the Teaching Steering Committee of Higher Education Institutions under the Ministry of Education (教育部電子商務教學指導委員會) since 2008, mainly responsible for revising education plans for e-commerce. Mr. Lv has served as independent non-executive director of China Communications Services Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 0552), since June 2015 and independent non-executive director of China Satellite Communications Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601698) from June 2017 to August 2023.

Mr. Lv Tingjie obtained a doctoral degree in Systems Engineering from Kyoto University in November 1997, a Master's degree in Management Engineering and a Bachelor's degree in Radio Engineering from Beijing University of Posts and Telecommunications in April 1985 and July 1982, respectively. Mr. Lv was conferred the teaching certificate for institutions of higher learning by the Ministry of Education in July 1997.

**Mr. Lv Pingbo**, whose pseudonym is Shui Pi, aged 61, is a well-known financial columnist and has been an independent non-executive Director since June 2019, mainly responsible for attending the meetings of the Board, voting on the resolutions considered at the meetings of the Board, and overseeing the management of the Company. He was the director of the editorial department and deputy editor-in-chief of the China Business Times from July 1989 to March 2007. From April 2007 to September 2020, Mr. Lv served as the chief editor and the president of Huaxia Shibao. Since April 2007, he has been serving as a managing director of Beijing Xin Cai Huaxia Media & Advertising Co., Ltd. (formerly known as Beijing Huaxia Shibao Media Ad Co., Ltd.).

Mr. Lv Pingbo received a Bachelor's degree in Journalism from Fudan University in July 1986 and a Master's degree in Journalism from the Graduate School of Chinese Academy of Social Sciences in June 1989.

**Mr. Cai Chun Fai**, aged 44, has been an independent non-executive Director since June 2021. Mr. Cai has over 16 years' experience in auditing, accounting and financial management and is now a director of CCT & Partners CPA Limited. Mr. Cai served as the company secretary of China Fortune Financial Group Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 290) from February 2012 to April 2014. He was the chief operation officer and chief compliance officer of Enriched Goldenroad (H.K.) Credit Limited and Well Link Securities Limited from April 2014 to September 2018. Mr. Cai has been an independent non-executive director of Royal Catering Group Holdings Co., Ltd. (a company listed on GEM of the Stock Exchange, stock code: 8300) from July 2016 to November 2023. He served as an independent non-executive director of Inno-Tech Holdings Limited (a company previously listed on GEM of the Stock Exchange until 12 July 2021, stock code: 8202) and Ocean Star Technology Group Limited (formerly known as My Heart Bodibra Group Limited, a company listed on GEM of the Stock Exchange, stock code: 8297) from 2 February 2018 to 14 February 2018 and February 2018 to April 2021, respectively. He has been an executive director and secretary of Zhaobangji Properties Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1660) from March 2019 to June 2022.

Mr. Cai Chun Fai holds a degree of Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in 2003. He is a member of The Hong Kong Institute of Certified Public Accountants.

## DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

### SENIOR MANAGEMENT

The table below sets out certain information relating to our senior management members:

Name	Age	Position	Date of Appointment	Date of Joining the Group
Xu Jili	54	President	10 August 2021	June 2021
Liu Liang	46	Executive president	24 January 2025	March 2022
Su Fengjuan	42	Chief financial officer	7 November 2016	February 2009
Huang Mingqiang	41	Joint company secretary and Board secretary	1 August 2022	March 2022

**Ms. Xu Jili**, aged 54, joined the Company as a non-executive Director and chairwoman of the Company in June 2021. She was re-designated as an executive Director and president of the Company in August 2021. As the president, she is primarily responsible for the overall business development planning and operation management of the Group. For the biography of Ms. Xu Jili, please refer to the section headed “Directors and Senior Management – Directors – Executive Directors”.

**Mr. Liu Liang**, aged 46, joined the Group in March 2022 and was the general executive vice president of the Company from March 2022 to January 2025, and has been the executive president of the Company and an executive Director since January and October 2025, respectively. As the executive president, he is mainly responsible for assisting the president of the Company in the implementation of specific operation management of the Group. For the biography of Mr. Liu Liang, please refer to the section headed “Directors and Senior Management – Directors – Executive Directors”.

**Ms. Su Fengjuan**, aged 42, a Chinese certified public accountant and senior accountant, joined the Group in February 2009, has successively served as the head of financial management department, the assistant to chief financial officer and other positions of the Company, and has been the chief financial officer of the Group since November 2016. Ms. Su is primarily responsible for the Group’s corporate financial planning and co-ordination of financial resources, risk management, accounting and financial management, etc.

Ms. Su Fengjuan obtained a Master’s degree in Business Administration of Senior Executive from Renmin University of China in December 2021.

**Mr. Huang Mingqiang**, aged 41, joined the Company in March 2022 as a general manager of the securities and affairs department, and has concurrently served as the Board secretary and the joint company secretary of the Company since 1 August 2022. Mr. Huang has about 17 years of managerial experience in listed companies and conglomerates. Mr. Huang joined Zhuhai Huafa, a controlling Shareholder, in April 2016 and is currently the general manager of the investment management department of the capital management center of Zhuhai Huafa.

Mr. Huang Mingqiang obtained a Master’s degree in Finance from Jiangxi University of Finance and Economics in January 2009.

# BOARD OF DIRECTORS' REPORT

The Board is pleased to present the Group's annual report together with the audited financial statements for the year ended 31 December 2025 (the "Reporting Period").

## PRINCIPAL ACTIVITIES

The principal activities of the Company are to engage in the retail sales of mobile telecommunications devices and accessories and the provision of related services. Analysis of the principal activities of the Group is set out in note 1 to the financial statements from pages 94 to 100 of this annual report.

## RESULTS

The financial results of the Group for the year ended 31 December 2025 are set out in the financial statements from pages 86 to 93 of this annual report.

## BUSINESS REVIEW

### Operating Results and Financial Position

For the year ended 31 December 2025, the Group sold 3,428,000 mobile handsets, representing a decrease of 912,000 sets or 21.01% as compared with 4,340,000 sets for the same period of last year. Operating revenue for the year of 2025 amounted to RMB16,544,002,000, representing a decrease of RMB1,472,356,000 or 8.17% from RMB18,016,358,000 for the same period of last year. Net loss for the year of 2025 amounted to RMB1,468,100,000, representing an increase of RMB61,886,000 or 4.40% from the net loss of RMB1,406,214,000 for the same period of last year.

For a detailed analysis on the Group's operating results and financial position, important events affecting the Group that have occurred since the end of the Reporting Period, and the discussion on the Group's future business development and business outlook, please refer to the "Management Discussion and Analysis" set out from pages 8 to 20 of this annual report. These discussions form part of this Board of Directors' Report.

## MAJOR RISK FACTORS AND UNCERTAINTY

### (I) Risk of Failure to Renew the Leases for Our Leased Properties before the Expiry of the Leases and Increase in Rental

Most of the Group's retail outlets are leased properties, and the Group may face the risks of failure to renew the leases before the expiry of the leases or the lease being renewed at a higher rent, which may affect the overall operating results of the Group.

Solutions: On the one hand, we may build long-term relationships with the lessors of the properties by word-of-mouth brand recognition to maintain sound reputation. On the other hand, the Company keeps implementing its operation strategy of more visible presence in business districts, finding suitable premises to open outlets in various locations in prime business districts and at the same time identifying any other suitable properties in surrounding areas so that we are able to find a replacement property in time in case of failure in renewal of the lease of an outlet or increase in rental to avoid affecting the overall operating results of the Group.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### (II) Risk of Liquidity

Although the inventory and trade receivables help the Company maintain continuous and stable operation, they reduce part of the Company's daily working capital, which brings considerable pressures on the Group's cash flow.

Solutions: The Company has been implementing a management system for the Group's capital pool. The revenues of the Group's subsidiaries will be collected on a real-time basis, which allows the management of the Group to timely understand the operation of the Group and adjust the operation strategies based on the actual circumstance.

### FUTURE PROSPECT

For the Group's future development and business outlook, please refer to the section headed "Management Discussion and Analysis" set out from pages 19 to 20 of this annual report.

### EMPLOYEES, ENVIRONMENTAL POLICIES AND PERFORMANCE AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

A discussion of compliance with relevant laws and regulations that have a material impact on the Group is set out in the "Corporate Governance Report" in this annual report, and a discussion of the Group's environmental policies and relationships with employees, customers and suppliers (key stakeholders) is set out in the Company's environmental, social and governance report for the year 2025.

### FINAL DIVIDEND

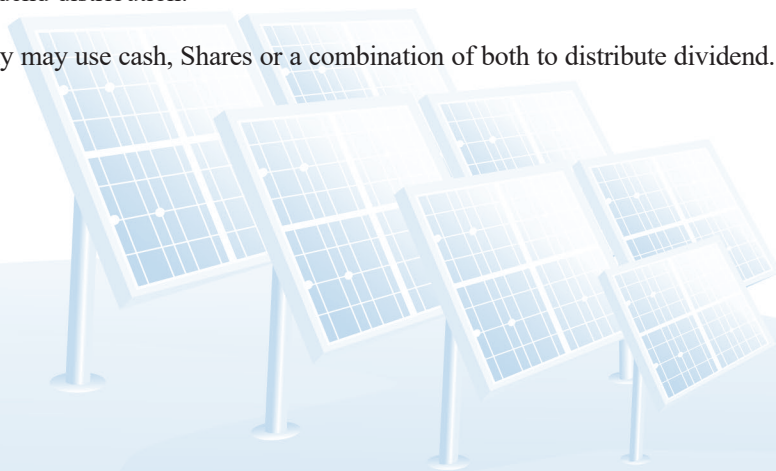
The Board does not recommend the payment of any final dividend for the year ended 31 December 2025.

### DIVIDEND POLICY

The Company has adopted a dividend policy as follows:

1. Ways of dividend distribution:

The Company may use cash, Shares or a combination of both to distribute dividend.



## BOARD OF DIRECTORS' REPORT *(Continued)*

### 2. Currency denominated for dividend:

Ordinary dividend shall be denominated and declared in RMB. Dividend of domestic shares of the Company (the “**Domestic Share(s)**”) shall be made in RMB. Dividend or other distributions of overseas listed foreign shares shall be made in the currency of the listing place of such foreign shares (in case of having more than one listing place, it will be made in the currency of the primary listing place determined by the Board). Dividend of non-listed foreign shares shall be made in Hong Kong dollars.

For the dividend made in foreign currency, the applicable exchange rate would be the medium price of average RMB exchange rate with regard to foreign exchange quoted by the People's Bank of China five trading days preceding the declaration of dividend and other distribution.

### 3. Ratification procedures for the dividend distribution plan:

The dividend distribution plan of the Company is formulated by the Board and subject to the consideration and approval by the general meeting.

After the Board's consideration of the financial position of the Group and in accordance with the relevant requirements of laws and regulations, an ordinary resolution may be proposed by the Board at the general meeting to authorise the Board to distribute and pay dividend.

### 4. The Company pays dividends out of distributable profits, which are equal to the balance of profit after tax after withdrawal of the below items by sequence:

- 1) loss recovery;
- 2) withdrawal of statutory reserve funds; and
- 3) any withdrawal of reserve funds after the approval by the general meeting.

### 5. The Board will review the dividend policy of the Company from time to time based on several factors below to determine whether to declare and pay dividend. Those factors include: operating results, cash flow, financial position, Shareholders' interests, overall business conditions and strategies, capital requirement, cash dividend paid to the Company by the subsidiaries, and other factors as the Board may deem relevant.

During the Reporting Period, the Board has reviewed the dividend policy of the Company and considers it effective.

## FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are out on page 5 of this annual report. This summary does not form part of the audited consolidated financial statements.

## BOARD OF DIRECTORS' REPORT (Continued)

### MAJOR CUSTOMERS AND SUPPLIERS

#### Major Customers

For the year 2025, the Group's transaction volume with its five largest customers accounted for 25.70% of the Group's operating revenue for the year ended 31 December 2025. The Group's transaction volume with its single largest customer accounted for 17.41% of the Group's operating revenue for the year 2025.

#### Major Suppliers

For the year 2025, the Group's transaction volume with its five largest suppliers accounted for 32.44% of the Group's operating costs for the year ended 31 December 2025. The Group's transaction volume with its single largest supplier accounted for 10.31% of the Group's operating costs for the year 2025.

During the year, to the knowledge of the Directors, none of the Directors, supervisors of the Company (the "Supervisor(s)"), any of their close associates or substantial Shareholders (who to the knowledge of the Directors are interested in more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group for the year are set out in note 15 to the financial statements from pages 140 to 141 of this annual report.

### SHARE CAPITAL

For the year ended 31 December 2025, the total issued share capital of the Company was 886,460,400 Shares.

Details of movements in the share capital of the Company are set out in note 31 to the financial statements on page 161 of this annual report.

### RESERVES

Details of changes in the reserves of the Group for the year are set out in the consolidated statement of changes in equity from pages 90 to 91 of this annual report.

### DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Company Law of the People's Republic of China (the "Company Law"), amounted to approximately RMB-4,706,558,000 (as at 31 December 2024: approximately RMB-3,223,779,000).

### BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 30 to the financial statements on page 160 of this annual report.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the year ended 31 December 2025 and up to the date of this annual report are as follows:

#### Executive Directors

Ms. Xu Jili (*Chairwoman*)  
Ms. Xu Liping  
Mr. Liu Liang (appointed on 21 October 2025)<sup>(1)</sup>  
Mr. Liu Donghai

#### Non-executive Directors

Mr. Xie Hui (resigned on 21 October 2025)  
Mr. Jia Zhaojie  
Ms. Pan Anran

#### Independent Non-executive Directors

Mr. Lv Tingjie  
Mr. Lv Pingbo  
Mr. Cai Chun Fai

#### Supervisors

Mr. Gao Zhiqiang (*Chairman*)<sup>(2)</sup>  
Mr. Li Wanlin<sup>(2)</sup>  
Mr. Liu Zhenlong<sup>(2)</sup>

Notes:

- (1) Mr. Liu Liang has confirmed that he (i) has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 20 October 2025, and (ii) understood his obligations as a director of a listed issuer under the Listing Rules.
- (2) The board of Supervisors (the “**Board of Supervisors**”) was abolished with effect from the conclusion of the extraordinary general meeting of the Company (the “**EGM**”) held on 21 October 2025. Accordingly, with effect from the same date, Mr. Gao Zhiqiang, Mr. Li Wanlin, and Mr. Liu Zhenlong ceased to hold supervisory positions of the Company, and the relevant responsibilities of the Board of Supervisors were exercised by the audit committee of the Company (the “**Audit Committee**”). For further details, please refer to the announcements of the Company dated 27 August 2025 and 21 October 2025 and the circular of the Company dated 29 September 2025.

### BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed “Directors and Senior Management” from pages 21 to 24 of this annual report.

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has made a confirmation on independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company considers all of the independent non-executive Directors to be independent during the year ended 31 December 2025 in accordance with Rule 3.13 of the Listing Rules.

### DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The members of the fifth session of the Board of Directors, namely Ms. Xu Jili, Ms. Xu Liping, Mr. Liu Donghai, Mr. Xie Hui, Mr. Jia Zhaojie, Ms. Pan Anran, Mr. Lv Tingjie, Mr. Lv Pingbo and Mr. Cai Chun Fai entered into service agreements with the Company on 19 May 2023, respectively, with a fixed term of three years commencing from 19 May 2023 until the expiry of the fifth session of the Board of Directors. Mr. Xie Hui resigned as non-executive Director on 21 October 2025. Mr. Liu Liang was appointed as an executive Director on 21 October 2025, and entered into a service agreement with the Company on 21 October 2025 until the expiry of the fifth session of the Board of Directors. The service agreements entered into between the Company and each of the Directors are subject to renewal in accordance with the articles of association of the Company (the “**Articles of Association**”) and applicable laws, rules and regulations or early termination in accordance with their respective terms.

The members of the fifth session of the Board of Supervisors, namely Mr. Gao Zhiqiang, Mr. Li Wanlin and Mr. Liu Zhenlong entered into service agreements with the Company on 19 May 2023, respectively, with a fixed term of three years commencing from 19 May 2023 until the expiry of the fifth session of the Board of Supervisors. The Board of Supervisors was abolished with effect from the conclusion of the EGM held on 21 October 2025. Accordingly, Mr. Gao Zhiqiang, Mr. Li Wanlin, and Mr. Liu Zhenlong ceased to hold supervisory positions of the Company from the same date.

Save as disclosed above, none of the Directors and Supervisors has a service contract with the Group which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

### DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the Reporting Period, save as disclosed in this annual report, no Directors, Supervisors or connected entities with such Directors or Supervisors directly or indirectly had any material interests in any transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, any of its subsidiaries or fellow subsidiaries was a party.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### MANAGEMENT CONTRACTS

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

### EMOLUMENT POLICY

The remuneration and assessment committee of the Company (the “**Remuneration and Assessment Committee**”) was set up for formulating the Group’s emolument policy and structure of the Directors and senior management, having regard to the Group’s operating results, individual performance of the Directors and senior management and comparable market practices.

### REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors, Supervisors and five highest paid individuals are set out in notes 10 and 11 to the financial statements on pages 135 to 138 of this annual report.

### RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 10 to the financial statements on page 135 of this annual report.

### CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in this annual report, there was no change in any information relating to any Directors and senior management of the Company which were required to be disclosed in accordance with paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the Reporting Period.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive(s)") in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

Interests in the Company:

Name of Director	Type of Shares	Nature of interests	Number of Shares/ underlying Shares held (long position/ short position/ lending pool)	Percentage of the relevant class of share capital (%) (Note 1)	Percentage of the total share capital (%) (Note 1)
Liu Donghai (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10

Notes:

- The percentage is calculated with the total number of 886,460,400 Shares in issue as at 31 December 2025, comprising 337,700,000 Domestic Shares and 548,760,400 H shares of the Company (the "H Share(s)").
- As at 31 December 2025, Digital Science & Technology Group Limited ("Digital Science & Technology") directly held 168,362,098 Domestic Shares, and Liu Donghai, Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli (collectively, the "Liu Family") jointly held the entire equity interest in Digital Science & Technology. Accordingly, pursuant to the SFO, the Liu Family were deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology.

In addition, Beijing Di Er Tong Consulting Company Limited ("Di Er Tong") and Digital Science & Technology, together with the Liu Family, entered into an acting-in-concert agreement (the "Original Concert Party Agreement") with Zhuhai Huafa Technology Industry Group Co., Ltd. ("Huafa Technology Industry Group", formerly known as Zhuhai Huafa Industrial Investment Holding Co., Ltd.) on 29 January 2021. The term of the Original Concert Party Agreement expired on 7 April 2024. On 8 April 2024, Huafa Technology Industry Group, Digital Science & Technology and Liu Donghai entered into a three-year acting-in-concert agreement (the "New Concert Party Agreement"), pursuant to which Digital Science & Technology and Liu Donghai agreed to continue to take concerted action with and act in accordance with the will of Huafa Technology Industry Group in relation to any Shares that Digital Science & Technology and/or Liu Donghai held directly or indirectly, for certain matters of the Company. In addition, Digital Science & Technology will continue to entrust the voting rights in respect of its 168,362,098 Domestic Shares in the Company held by Digital Science & Technology to Huafa Technology Industry Group during the term of the New Concert Party Agreement. The New Concert Party Agreement became effective on 8 April 2024, and Di Er Tong, Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli ceased to be parties acting in concert under the New Concert Party Agreement. Accordingly, pursuant to the SFO, Liu Donghai was deemed to be interested in 169,337,902 Domestic Shares held by Huafa Technology Industry Group.

## BOARD OF DIRECTORS' REPORT (Continued)

Save as disclosed above, as at 31 December 2025, none of the Directors and Chief Executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or its subsidiaries a party to any arrangement that would enable the Directors or the Supervisors to acquire benefits by means of acquisition of any shares or debentures in the Company or any other body corporate, and none of the Directors or the Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, to the knowledge of the Directors, the following persons (other than the Directors and Chief Executive) had interests and short positions in the Shares or underlying Shares which fell to be noticed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and were recorded in the register to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Type of Shares	Nature of interests	Number of Shares/ underlying Shares held (long position/ short position/ lending pool)	Percentage of the relevant class of share capital (%) (Note 1)	Percentage of the total share capital (%) (Note 1)
Liu Yongmei (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Hua (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Wenli (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Wencui (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Songshan (Note 2)	Domestic Shares	Person acting in concert	337,700,000 (long position)	100.00	38.09

## BOARD OF DIRECTORS' REPORT (Continued)

Name of Shareholder	Type of Shares	Nature of interests	Number of Shares/ underlying Shares held (long position/ short position/ lending pool)	Percentage of the relevant class of share capital (%) (Note 1)	Percentage of the total share capital (%) (Note 1)
Di Er Tong (Note 2)	Domestic Shares	Person acting in concert	337,700,000 (long position)	100.00	38.09
Digital Science & Technology (Note 2)	Domestic Shares	Beneficial owner Person acting in concert	168,362,098 (long position) 169,337,902 (long position)	49.86 50.14	18.99 19.10
Huafa Technology Industry Group (Note 3)	Domestic Shares	Beneficial owner Person acting in concert	169,337,902 (long position) 168,362,098 (long position)	50.14 49.86	19.10 18.99
Zhuhai Huafa (Notes 3 and 4)	Domestic Shares	Interest of controlled corporation	337,700,000 (long position)	100.00	38.09
	H Shares	Interest of controlled corporation	327,057,912 (long position)	59.60	36.90
Hong Kong Huafa Investment Holdings Limited (“ <b>Hong Kong Huafa</b> ”) (Note 4)	H Shares	Interest of controlled corporation	327,057,912 (long position)	59.60	36.90
Dixintong Holdings Company Limited (“ <b>Dixintong Holdings</b> ”) (Note 4)	H Shares	Beneficial owner	327,057,912 (long position)	59.60	36.90
Dawn Galaxy International Limited (Note 5)	H Shares	Beneficial owner	42,000,000 (long position)	7.65	4.74
YBN Investments Limited (Note 6)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
YBN International Holdings Limited (Note 6)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Unicorn Link Group Limited (Note 7)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
Xi Yue Cultural Industry Investment Fund L.P. (“ <b>Xi Yue Fund L.P.</b> ”) (Note 7)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69

## BOARD OF DIRECTORS' REPORT (Continued)

Name of Shareholder	Type of Shares	Nature of interests	Number of Shares/ underlying Shares held (long position/ short position/ lending pool)	Percentage of the relevant class of share capital (%) (Note 1)	Percentage of the total share capital (%) (Note 1)
Glorious Maple Limited (Note 7)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Yeung Wan Yiu (Note 7)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Vital Vision Limited (Note 7)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69

### Notes:

- The percentage is calculated with the total number of 886,460,400 Shares in issue as at 31 December 2025, comprising 337,700,000 Domestic Shares and 548,760,400 H Shares.
- As at 31 December 2025, Digital Science & Technology directly held 168,362,098 Domestic Shares, and the Liu Family jointly held the entire equity interest in Digital Science & Technology. Accordingly, pursuant to the SFO, the Liu Family are deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology. In addition, Huafa Technology Industry Group, Digital Science & Technology and Liu Donghai entered into the New Concert Party Agreement. Accordingly, pursuant to the SFO, (i) Liu Donghai is deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology and 169,337,902 Domestic Shares held by Huafa Technology Industry Group; and (ii) each of Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli was deemed to be interested in 337,700,000 Domestic Shares held by Digital Science & Technology.  
  
Given that the Original Concert Party Agreement has been expired on 7 April 2024, each of Di Er Tong, Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli was no longer a concert party under the New Concert Party Agreement, and Di Er Tong ceased to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO as Di Er Tong ceased to be a member of a concert party group under the New Concert Party Agreement. However, as there was no notification by Di Er Tong to cease to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO after the relevant event and as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO, Di Er Tong remained registered as a substantial Shareholder as at 31 December 2025.
- Huafa Technology Industry Group directly held 169,337,902 Domestic Shares. In addition, Huafa Technology Industry Group entered into a New Concert Party Agreement with Digital Science & Technology and Liu Donghai on 8 April 2024. Accordingly, pursuant to the SFO, Huafa Technology Industry Group is deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology. Zhuhai Huafa directly holds 85.69% equity interests in Huafa Technology Industry Group. Accordingly, pursuant to the SFO, Zhuhai Huafa is deemed to be interested in 337,700,000 Domestic Shares held by Huafa Technology Industry Group.
- On 27 December 2024, due to the need for internal restructuring, Hong Kong Huafa transferred its 327,057,912 H Shares to Dixintong Holdings. As such, Dixintong Holdings directly held a total of 327,057,912 H Shares. Hong Kong Huafa held 100% equity interests in Dixintong Holdings, while Zhuhai Huafa directly held 100% equity interests in Hong Kong Huafa. Accordingly, pursuant to the SFO, as at 31 December 2025, both Hong Kong Huafa and Zhuhai Huafa were deemed to be interested in the 327,057,912 H Shares held by Dixintong Holdings.

## BOARD OF DIRECTORS' REPORT (Continued)

5. *To the best of the Directors' knowledge after due enquiry, following the closing of the mandatory conditional offer for H Shares on 3 June 2021, Dawn Galaxy International Limited was no longer a substantial Shareholder as it had made a valid acceptance for the offer. However, as there was no notification to cease to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO after the relevant event and as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO, Dawn Galaxy International Limited remained registered as a substantial Shareholder as at 31 December 2025.*
6. *To the best of the Directors' knowledge after due enquiry, as at 31 December 2025, YBN Investments Limited directly held 77,000,000 H Shares. YBN Investments Limited was wholly owned by YBN International Holdings Limited, and accordingly, pursuant to the SFO, YBN International Holdings Limited was deemed to be interested in 77,000,000 H Shares held by YBN Investments Limited.*
7. *To the best of the Directors' knowledge after due enquiry, as at 31 December 2025, Unicorn Link Group Limited directly held 77,000,000 H Shares, and Xi Yue Fund L.P. wholly owns Unicorn Link Group Limited. The limited partner of Xi Yue Fund L.P. is United Wealth Ventures Limited, which is wholly owned by Glorious Maple Limited, which is owned as to 70.00% by Yeung Wan Yiu. The general partner of Xi Yue Fund L.P. is Vital Vision Limited. Accordingly, pursuant to the SFO, Xi Yue Fund L.P., Glorious Maple Limited, Yeung Wan Yiu and Vital Vision Limited are deemed to be interested in 77,000,000 H Shares held by Unicorn Link Group Limited.*

Save as disclosed above, as at 31 December 2025, there was no other person (other than the Directors and Chief Executive) to the Directors' knowledge who had any interests or short positions in the Shares or underlying Shares which fell to be noticed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which have been recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

### PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

On 28 January 2021, Digital Science & Technology pledged 63,270,000 Domestic Shares (representing approximately 8.60% of the total issued Shares as at 31 December 2020) to Beijing Jingdixin Technology Co., Ltd (“**Jingdixin**”), an investee company of the Company, as a guarantee for the delivery credit facility of approximately RMB380,000,000 provided by Jingdixin to the Company.

The pledged shares are part of the Domestic Shares which are subject to the entrustment arrangement in accordance with the Original Concert Party Agreement expired on 7 April 2024 and the New Concert Party Agreement signed on 8 April 2024, where Digital Science & Technology has entrusted all Domestic Shares held by it to Huafa Technology Industry Group, a controlling Shareholder, such that Digital Science & Technology and Mr. Liu Donghai shall continue to take concerted action with and act in accordance with the will of Huafa Technology Industry Group for certain matters of the Company.

### EQUITY-LINKED AGREEMENT

During the Reporting Period, the Group neither entered into any agreements in relation to equity-linked products nor participated in any arrangement to purchase equity-linked wealth management products.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares). As of 31 December 2025, the Company did not hold any treasury shares.

### PRE-EMPTIVE RIGHTS

During the Reporting Period, the Shareholders had no pre-emptive rights or any share option arrangements in accordance with applicable laws of the PRC and the Articles of Association.

### NON-COMPETITION UNDERTAKING

As at 31 December 2025, Huafa Group held approximately 56.00% of the Company's equity interest in total, and together with the New Concert Party Agreement entered into between Huafa Technology Industry Group, Digital Science & Technology and Mr. Liu Donghai on 8 April 2024, jointly controlled approximately 74.99% of the total voting rights of the Company, and hence pursuant to Rule 19A.14 of the Listing Rules, the Liu Family was still considered to be the controlling Shareholders. Accordingly, the non-competition undertaking issued on 4 March 2014 in favour of the Group (the "**Non-competition Undertaking**") by the Liu Family together with Digital Science & Technology and Di Er Tong remained in effect during the Reporting Period.

Pursuant to the Non-competition Undertaking, each of the parties to the Non-competition Undertaking has irrevocably undertaken that, among others, he/she would not and will procure that his/her associates (except any members of the Group) would not, directly or indirectly, or as principal or agent either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the core business of any member of the Group (the "**Restricted Business**") from time to time; if there is any new business opportunity in the Restricted Business, it shall within seven days refer such new business opportunity to the Group. Such business opportunity shall have first been offered or made handling available to the Group and be considered by the Board or its committees which do not have a material interest in the business opportunity. Each of the controlling Shareholders shall not invest, participate, be engaged in and/or operate in such business opportunity unless our Board or its committees have declined in writing or failed to respond within six months after being notified of such opportunity; if he/she intends to transfer, sell, lease or license to a third party any business interests which compete, or may lead to competition, directly or indirectly, with the Restricted Business or its mobile virtual network operator ("**MVNO**") business, the Company shall have a pre-emptive right over these interests. Each of the parties to the above Non-competition Undertaking must provide us written notice as soon as possible in advance of any sale as described above. The Company must reply within six months (or such other period as may be agreed between the parties) after receiving the selling notice, in order to exercise our right. The exercise of such rights by the Company shall be permitted by the relevant regulations, in particular, the regulations of the Ministry of Industry and Information Technology by then with respect to the MVNO business. If the Company intends to exercise the right, the terms will be determined at fair market value. The controlling Shareholders (except for any members of the Group) shall not dispose such business and equity to any third party, unless the Board (including independent non-executive Directors) has refused in writing to purchase such business or equity, or each of the parties to the above Non-competition Undertaking has not received any notice about exercising the pre-emptive rights from the Group post to our receipt of the selling notice. In addition, any conditions of disposal offered by each of the parties to the above Non-competition Undertaking shall not be more favorable than those to be given to the Group; and each of the parties to the above Non-competition Undertaking has granted us the option to acquire any business that has been engaged by them or any equity of such business based upon the above new business opportunity. The Company is entitled to request at any time to acquire any business that has been engaged by each of the parties to the above Non-competition Undertaking or any equity of such business under the above new business opportunity, and each of the parties to the above Non-competition Undertaking shall grant the Group the option for acquisition on the condition that the considerations of the acquisition are made in the ordinary course of business following negotiation between the parties under the fair and reasonable principle. The acquisition shall be based on the valuation conducted by independent valuer consisting of our independent non-executive Directors and also in the best interest of the Group. Each of the parties to the above Non-competition Undertaking has granted us the option to acquire any business that has been engaged by them or any equity of such business based upon the above new business opportunity. Please refer to the prospectus of the Company dated 25 June 2014 for details of the above Non-competition Undertaking.

## BOARD OF DIRECTORS' REPORT (Continued)

The Company has received from each of the parties to the above Non-competition Undertaking an annual written confirmation in respect of the compliance by them with the Non-competition Undertaking during the Reporting Period.

The independent non-executive Directors have reviewed and assessed if each of the parties to the above Non-competition Undertaking has complied with the Non-competition Undertaking. The independent non-executive Directors have confirmed that each of the parties to the above Non-competition Undertaking has not been in breach of the Non-competition Undertaking during the Reporting Period.

### DIRECTORS' AND SUPERVISORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, during the Reporting Period, none of the Directors, Supervisors and their associates had any competing interest in any business which competes or may compete directly or indirectly with the businesses of the Group.

### CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, with the exception of the related party transactions disclosed in note 36 to the financial statements, details of the Group's continuing connected transactions as defined in the Listing Rules, which are subject to disclosure in accordance with the provisions under Appendix D2 and Chapter 14A of the Listing Rules, are summarised as follows:

On 25 September 2023, the Company entered into the Event Planning Services Framework Agreement with Zhuhai Huafa and the Automotive Wholesale and Export Services Framework Agreement with Zhuhai Huafa Automobile Sales Co. Ltd.\* (珠海華發汽車銷售有限公司) (“**Zhuhai Huafa Automobile**”, currently known as Zhuhai Chiyi Automobile Sales Co. Ltd.\* (珠海馳翼汽車銷售有限公司)) (the aforesaid framework agreements are collectively referred to as the “**2023 Framework Agreements**”). The 2023 Framework Agreements and its proposed annual caps were entered into in the ordinary and usual course of business of the Group and were on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 25 September 2023.

#### 1. Event Planning Services Framework Agreement

##### *Parties*

The Company (as the service provider) and Zhuhai Huafa (as the service recipient).

##### *Principal terms*

On 25 September 2023, the Company and Zhuhai Huafa entered into the Event Planning Services Framework Agreement.

Pursuant to the Event Planning Services Framework Agreement, the Group agrees to provide event planning services to Zhuhai Huafa Group at time and place designated by the relevant member of Zhuhai Huafa Group (such as the real-estate sales center), including but not limited to pre-event planning, organisation and delivery of personnel, materials and other resources for the event, and onsite maintenance during the execution and hosting of the event (collectively, the “**Event Planning Services**”).

In consideration of the Event Planning Services provided by the Group, Zhuhai Huafa and the relevant members of Zhuhai Huafa Group agree to pay to the Group the service fees for the Event Planning Services. The service fees shall be charged after the completion of individual service and settled within 45

\* For identification purposes only

## BOARD OF DIRECTORS' REPORT *(Continued)*

Business Days upon receipt of the relevant invoice(s). The Company and Zhuhai Huafa may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

The Event Planning Services Framework Agreement remained in effect from 25 September 2023 to 24 September 2026, with a proposed annual cap of RMB50 million for the period from 25 September 2023 to 31 December 2023, RMB120 million per annum for the year ended 31 December 2024, RMB120 million per annum for the year ended 31 December 2025 and RMB120 million for the period from 1 January 2026 to 24 September 2026. During the Reporting Period, the actual transaction amount of the Company under the Event Planning Services Framework Agreement amounted to approximately RMB51.16 million, which did not exceed the relevant annual cap.

### *Description of the transaction and its purpose*

Since the establishment of the Group in 2001, the Group has been focusing on the sales of mobile telecommunications devices and the provision of related services, in particular the retail sales sector. While the Group has endeavoured to enhancing the competitive edge of its core business, it has been continuously seeking business channels and pursuing new business opportunities. With its proficient personnel, expertise, and experience in event planning accumulated through its consumer-facing business, the Group is well-equipped to provide the Event Planning Services.

Zhuhai Huafa, on the other hand, operates in core business segments such as real estate development and urban operations. Zhuhai Huafa, through its various subsidiaries, would successfully secure real estate development projects and urban operation contracts from time to time. In order to facilitate the marketing effort of the property sales, Zhuhai Huafa Group requires the Event Planning Services provided by service providers from time to time. By leveraging its capabilities of event planning targeting for consumers, the Group can effectively support Zhuhai Huafa Group in fulfilling its needs for marketing strategies and plans in the context of real estate development projects and urban operations.

In view of the above, the Company is of the view that the Event Planning Services contemplated under the Event Planning Services Framework Agreement will provide an opportunity for the Company to expand its business offerings and enhance its revenue stream.

## 2. Automotive Wholesale and Export Services Framework Agreement

### *Parties*

The Company (as the provider of certain Revenue-related Automotive Wholesale and Export Services and recipient of certain Procurement-related Automotive Wholesale Services) and Zhuhai Huafa Automobile (as the provider of certain Procurement-related Automotive Wholesale Services and recipient of certain Revenue-related Automotive Wholesale and Export Services).

### *Principal terms*

On 25 September 2023, the Company has entered into the Automotive Wholesale and Export Services Framework Agreement with Zhuhai Huafa Automobile.

### *Revenue-related Automotive Wholesale and Export Services*

Pursuant to the Automotive Wholesale and Export Services Framework Agreement, the Group agrees to provide the following wholesale and export services relating to automobiles and automobile-related products to Zhuhai Huafa Automobile:

## BOARD OF DIRECTORS' REPORT *(Continued)*

Wholesale of automobiles and automobile-related products: according to Zhuhai Huafa Automobile's business requirements, the relevant members of the Group agree to purchase wholesale automobiles and automobile-related products from independent third party suppliers/manufacturers/distributors and resell such wholesale products to Zhuhai Huafa Automobile; and provision of export-related services for automobiles and automobile-related products: the relevant members of the Group agree to handle the export-related warehousing or agency matters to support Zhuhai Huafa Automobile in its export of the automobiles and automobile-related products business (collectively, the **"Revenue-related Automotive Wholesale and Export Services"**).

In consideration of the wholesale of automobiles and automobile-related products sold by the Group to Zhuhai Huafa Automobile, Zhuhai Huafa Automobile agrees to pay to the relevant members of the Group the purchase fees for the wholesale automobiles and automobile-related products. In consideration of the provision of the export-related services for automobiles and automobile-related products by the Group to Zhuhai Huafa Automobile, Zhuhai Huafa Automobile agrees to pay to the Group service fees for the provision of the export-related services for automobiles and automobile-related products.

### *Procurement-related Automotive Wholesale Services*

Pursuant to the Automotive Wholesale and Export Services Framework Agreement, leveraging on the broad customer base of the Group, the relevant members of the Group agree to procure from Zhuhai Huafa Automobile the wholesale automobiles and automobile-related products for which Zhuhai Huafa Automobile is an authorised distributor (the **"Procurement-related Automotive Wholesale Services"**) for reselling to interested customers of the Group.

In consideration of the provision of the Procurement-related Automotive Wholesale Services from Zhuhai Huafa Automobile to the Group, the relevant members of the Group agree to pay to Zhuhai Huafa Automobile the procurement costs for the automobiles and automobile-related products purchased.

The fees shall be charged within 15 Business Days after the completion of individual Automotive Wholesale and Export Services agreements and settled within 15 Business Days upon receipt of the relevant invoice(s). The Company and Zhuhai Huafa Automobile may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

The term of the Automotive Wholesale and Export Services Framework Agreement is from 25 September 2023 to 24 September 2026, and (i) the proposed annual cap for the fees receivable from the Revenue-related Automotive Wholesale and Export Services provided by the relevant members of the Group to Zhuhai Huafa Automobile shall be RMB20 million from 25 September 2023 to 31 December 2023, RMB60 million per annum for the year ended 31 December 2024, RMB60 million per annum for the year ended 31 December 2025 and RMB60 million for the period from 1 January 2026 to 24 September 2026; and (ii) the proposed annual cap for the fees payable for the Procurement-related Automotive Wholesale Services provided by Zhuhai Huafa Automobile to the Group shall be RMB60 million from 25 September 2023 to 31 December 2023, RMB60 million per annum for the year ended 31 December 2024, RMB60 million per annum for the year ended 31 December 2025 and RMB60 million for the period from 1 January 2026 to 24 September 2026. Taking into account various factors such as changes in external policies and the development of the Group's business, the Group has gradually scaling down its business in the retail and export of automobiles. During the Reporting Period, there was an actual transaction amount under the Revenue-related Automotive Wholesale and Export Services of RMB0, and there was an actual transaction amount under the Procurement-related Automotive Wholesale Services of RMB0, which did not exceed the relevant annual cap.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### *Description of the transaction and its purpose*

In the second half of 2023, the Group continued to explore opportunities in automobile business. In the automobile business, the Company has been accumulating experience in the retail and distribution of new energy vehicles, and has begun to leverage and utilise the customer resources accumulated through its mobile handset sales network. In the automobile import and export business, the Company's endeavours in Xinjiang have started to yield positive results. Building upon this success, the Company dedicated its efforts in the second half of 2023 to continuously expanding the scale of its automobile procurement and sales, warehousing, agency services, as well as import and export operations for Central Asia.

Given the Group's broad customer base, strong market development capabilities and customer sourcing channels, the Group expects to secure orders of the automobiles and automobile-related products from its interested customers. In addition, as the Group expects to be engaged as authorised distributors of some automobile brands or manufacturers, the capabilities of the Group to source automobiles and automobile-related products for customers (including Zhuhai Huafa Automobile) are expected to be enhanced.

On the other hand, Zhuhai Huafa Automobile has over 30 years of experience in the automotive industry and serves as an authorised distributor for various renowned automotive brands. It has established long-term and business relationships with major automobile manufacturers/suppliers. As such, Zhuhai Huafa Automobile can provide an ample supply of high-quality and cost-effective automobiles and automobile-related products to fulfill certain trade orders secured by the Group. In addition, given that Zhuhai Huafa Automobile has obtained the qualification for export of second-hand cars in Guangdong Province, it is expected that Zhuhai Huafa Automobile will be able to secure a number of orders of automobile related products from overseas customers. The Group plans to leverage its automotive resources on Zhuhai Huafa Automobile's export demand. In the event that the Group has the competitiveness and capability to source the automobiles or automobile-related products with a competitive price in the market, the Group will source the automobiles or automobile-related products for which Zhuhai Huafa Automobile is not the authorised distributor for reselling such products to Zhuhai Huafa Automobile. In addition, the Group will offer export-related warehousing and agency services related to the automobiles and automobile-related products to Zhuhai Huafa Automobile.

In light of the above factors, the Company is of the view that the Automotive Wholesale and Export Services contemplated under the Automotive Wholesale and Export Services Framework Agreement will provide an opportunity for the Company to further develop its new business in the automobile industry and enhance its revenue stream.

## BOARD OF DIRECTORS' REPORT (Continued)

On 25 September 2023, the Company and Zhuhai Huafa entered into (1) the 2024-2026 Administrative and Promotional Products Purchase and Sale Framework Agreement; (2) the 2024-2026 Store Sharing Services Framework Agreement; (3) the 2024-2026 Public Works Engineering Purchase and Sale Services Framework Agreement; (4) the 2024-2026 R&D and Consultancy Services Framework Agreement; and (5) the 2024-2026 Customers Referral Services Framework Agreement (the aforesaid framework agreements are collectively referred to as the “**2024-2026 Framework Agreements**”), and on the same date, the Company entered into the 2024-2026 Financial Services Framework Agreement with Huafa Finance Company. On 11 March 2024, the Company entered into the 2024-2026 First Supplemental Financial Services Framework Agreement with Huafa Finance Company. On 24 October 2024, the Company entered into the 2024-2026 Second Supplemental Financial Services Framework Agreement with Huafa Finance Company. The 2024-2026 Framework Agreements, the 2024-2026 Financial Services Framework Agreement and its proposed annual caps, the 2024-2026 First Supplemental Financial Services Framework Agreement (including the Revised Deposit Caps) and the 2024-2026 Second Supplemental Financial Services Framework Agreement (including the Revised Deposit Caps) and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group and were on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the announcements of the Company dated 25 September 2023, 11 March 2024 and 24 October 2024 and the circulars of the Company dated 30 April 2024 and 25 November 2024, respectively.

### 1. 2024-2026 Administrative and Promotional Products Purchase and Sale Framework Agreement

#### *Parties*

The Company (as the service provider) and Zhuhai Huafa (as the service recipient).

#### *Principal terms*

On 25 September 2023, the Company has entered into the 2024-2026 Administrative and Promotional Products Purchase and Sale Framework Agreement with Zhuhai Huafa.

Pursuant to the 2024-2026 Administrative and Promotional Products Purchase and Sale Framework Agreement, the Group agrees to supply administrative and promotional products to Zhuhai Huafa Group for the office and promotional use, including but not limited to electronic equipment, gift for promotional purpose and non-cash staff benefit products (collectively, the “**Administrative and Promotional Products**”).

In consideration of the sale of the Administrative and Promotional Products provided by the Group, the relevant members of Zhuhai Huafa Group agree to pay the Group the purchase fees for the Administrative and Promotional Products supplied. The service fees shall be charged within 15 Business Days after the completion of individual sale of Administrative and Promotional Products agreements and settled within 15 Business Days upon receipt of the relevant invoice(s). The Company and Zhuhai Huafa may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

The 2024-2026 Administrative and Promotional Products Purchase and Sale Framework Agreement remained in effect from 1 January 2024 to 31 December 2026, with a proposed annual cap of RMB120 million per annum for the year ended 31 December 2024, RMB120 million per annum for the year ended 31 December 2025 and RMB120 million per annum for the year ending 31 December 2026.

During the Reporting Period, the actual transaction amount of the Company under the 2024-2026 Administrative and Promotional Products Purchase and Sale Framework Agreement amounted to RMB0, which did not exceed the relevant annual cap.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### *Description of the transaction and its purpose*

The Group has established a strong foundation in the 5G industry, and the Group believes that this will translate into increased sales opportunities. As Zhuhai Huafa is a conglomerate with various subsidiaries having offices located at different places, coupled with their demand in promoting their businesses and staff benefits and updating office and administrative equipment to improve work efficiency from time to time, Zhuhai Huafa Group requires the supply of Administrative and Promotional Products from time to time. Leveraging on the existing expertise, personnel and supply channels in the supply of the Administrative and Promotional Products, the Group intends to continue to supply the Administrative and Promotional Products to Zhuhai Huafa Group with an aim to enhance the revenue stream of the Group and diversify its customer base.

## 2. 2024-2026 Store Sharing Services Framework Agreement

### *Parties*

The Company (as the service provider) and Zhuhai Huafa (as the service recipient).

### *Principal terms*

On 25 September 2023, the Company and Zhuhai Huafa entered into the 2024-2026 Store Sharing Services Framework Agreement.

Pursuant to the 2024-2026 Store Sharing Services Framework Agreement, the Group agrees to apply its existing resources at the Stores for Zhuhai Huafa Group to organise sales and promotion activities in accordance with Zhuhai Huafa Group's requirements at the Stores, including (i) granting to the members of Zhuhai Huafa Group non-exclusive right to use certain space of the Stores for Zhuhai Huafa Group to showcase its products and services to the public and visitors at the Stores; and (ii) providing to the members of Zhuhai Huafa Group staff support, customer services support and office system and other ancillary support services at the Stores (collectively, the “**Store Sharing Services**”).

In consideration of the Store Sharing Services provided by the Group, the relevant members of Zhuhai Huafa and Zhuhai Huafa Group agree to pay to the Group service fees for the Store Sharing Services. The service fees shall be charged within 15 Business Days after the completion of individual service and settled within 15 Business Days upon receipt of the relevant invoice(s). The Company and Zhuhai Huafa may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

The 2024-2026 Store Sharing Services Framework Agreement remained in effect from 1 January 2024 to 31 December 2026, with a proposed annual cap of RMB120 million per annum for the year ended 31 December 2024, RMB120 million per annum for the year ended 31 December 2025 and RMB120 million per annum for the year ending 31 December 2026.

During the Reporting Period, the actual transaction amount of the Company under the 2024-2026 Store Sharing Services Framework Agreement amounted to approximately RMB8.76 million, which did not exceed the relevant annual cap.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### *Description of the transaction and its purpose*

The Group operates more than 670 Stores across various regions in the PRC. However, due to the sluggish overall retail industry, some of the Stores have not fully utilized their space and workforce. To optimise these resources, the Company intends to continue to collaborate with business partners and allow them to utilise certain space within the Stores for sales activities in exchange for service fees. The Board is of the view that this initiative will result in more efficient utilisation of Store resources, and by showcasing a diverse range of products and services at the Stores will improve visitor traffic at the Stores, which may in turn increase the chance of the public visiting the Stores to purchase the Group's products. Considering these factors, the Group intends to continue providing Store Sharing Services to Zhuhai Huafa Group in order to enhance the Group's revenue stream by leveraging its existing resources, thereby improving its cost efficiency and operational performance.

### 3. 2024-2026 Public Works Engineering Purchase and Sale Services Framework Agreement

#### *Parties*

The Company (as the service provider) and Zhuhai Huafa (as the service recipient).

#### *Principal terms*

On 25 September 2023, the Company and Zhuhai Huafa entered into the 2024-2026 Public Works Engineering Purchase and Sale Services Framework Agreement.

Pursuant to the 2024-2026 Public Works Engineering Purchase and Sale Services Framework Agreement, the Group agrees to provide the public works engineering purchase and sale services related to the public construction projects and the supply of the related telecommunications equipment for such projects to Zhuhai Huafa Group, including but not limited to the intelligent projects and public construction equipment, communication signals (corporate lines), fibre-to-the-home and wireless signal coverage projects (collectively, the **"Public Works Engineering Purchase and Sale Services"**).

In consideration of the Public Works Engineering Purchase and Sale Services provided by the Group, the relevant members of Zhuhai Huafa Group agree to pay the Group the service fees for the Public Works Engineering Purchase and Sale Services. The service fees shall be charged within 15 Business Days after the completion of individual service and settled within 15 Business Days upon receipt of the relevant invoice(s). The Company and Zhuhai Huafa may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

The 2024-2026 Public Works Engineering Purchase and Sale Services Framework Agreement remained in effect from 1 January 2024 to 31 December 2026, with a proposed annual cap of RMB120 million per annum for the year ended 31 December 2024, RMB120 million per annum for the year ended 31 December 2025 and RMB120 million per annum for the year ending 31 December 2026.

During the Reporting Period, the actual transaction amount of the Company according to 2024-2026 Public Works Engineering Purchase and Sale Services Framework Agreement was RMB0, which did not exceed the relevant annual cap.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### *Description of the transaction and its purpose*

Zhuhai Huafa has core business sectors including but not limited to urban operations and real estate development. Zhuhai Huafa, through its various subsidiaries, would from time to time successfully tender for urban operation projects and real estate development projects. To fulfill the requirements of such projects, Zhuhai Huafa Group requires to obtain the Public Works Engineering Purchase and Sale Services from time to time.

Leveraging on the relevant expertise, personnel and supply channels of the Group in providing the relevant Public Works Engineering Purchase and Sale Services, the Group intends to continue to supply the Public Works Engineering Purchase and Sale Services to Zhuhai Huafa Group pursuant to the 2024-2026 Public Works Engineering Purchase and Sale Services Framework Agreement. The Company is of the view that the Public Works Engineering Purchase and Sale Services contemplated under the 2024-2026 Public Works Engineering Purchase and Sale Services Framework Agreement will provide a stable source of income to the Group and enable the Group to foster a strong strategic and business relationship with Zhuhai Huafa Group, thereby creating synergy and mutual economic benefits between the Group and Zhuhai Huafa Group.

#### 4. 2024-2026 R&D and Consultancy Services Framework Agreement

##### *Parties*

The Company (as the service provider) and Zhuhai Huafa (as the service recipient).

##### *Principal terms*

On 25 September 2023, the Company and Zhuhai Huafa entered into the 2024-2026 R&D and Consultancy Services Framework Agreement.

Pursuant to the 2024-2026 R&D and Consultancy Services Framework Agreement, the Group agrees to provide to Zhuhai Huafa Group (i) R&D and Consultancy Services for the telecommunications retail industry and its upstream and downstream service sectors (for instance, smart residence) and associated service sectors (for instance, consumer finance); and (ii) R&D services relating to the industry information and system (collectively, the “**R&D and Consultancy Services**”).

In consideration of the R&D and Consultancy Services provided by the Group, Zhuhai Huafa and the relevant members of Zhuhai Huafa Group agree to pay the Group the service fees for the R&D and Consultancy Services. The service fees shall be charged within 15 Business Days after the completion of individual service and settled within 15 Business Days upon receipt of the relevant invoice(s). The Company and Zhuhai Huafa may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

The 2024-2026 R&D and Consultancy Services Framework Agreement remained in effect from 1 January 2024 to 31 December 2026, with a proposed annual cap of RMB60 million per annum for the year ended 31 December 2024, RMB60 million per annum for the year ended 31 December 2025 and RMB60 million per annum for the year ending 31 December 2026.

During the Reporting Period, the actual transaction amount of the Company according to 2024-2026 R&D and Consultancy Services Framework Agreement was RMB0, which did not exceed the relevant annual cap.

### *Description of the transaction and its purpose*

Since 2001, the Group has been actively engaged in the sales of mobile telecommunications devices and the provision of related services. As a prominent mobile telecommunications chain store in the PRC, the Group has gained extensive expertise and experience in the telecommunications products industry. Over the years, the Group has built long-term collaborative relationships with mobile carriers, further strengthening its position in the market.

Given its background, the Group possesses the necessary expertise, skilled personnel, and well-established supply channels to provide the R&D and Consultancy Services. Zhuhai Huafa, with its core business sectors in the financial industry and industrial investment, occasionally requires statistical data, research reports, and feasibility studies to evaluate the development, market trends, and viability of potential investment projects across various industries. The telecommunications products industry falls within the scope of industries that Zhuhai Huafa may need to study as part of their value chain analysis.

In light of the above, the Group intends to continue to provide the R&D and Consultancy Services to Zhuhai Huafa Group pursuant to the 2024-2026 R&D and Consultancy Services Framework Agreement in order to leverage its existing experience and expertise to enhance the revenue stream of the Group.

## 5. 2024-2026 Customers Referral Services Framework Agreement

### *Parties*

The Company (as the service provider) and Zhuhai Huafa (as the service recipient).

### *Principal terms*

On 25 September 2023, the Company and Zhuhai Huafa entered into the 2024-2026 Customers Referral Services Framework Agreement.

Pursuant to the 2024-2026 Customers Referral Services Framework Agreement, the Group agrees to refer existing customers of the Group to Zhuhai Huafa Group by identifying and targeting existing customers of the Group and distributing to the Group's existing customers with physical or digital membership cards, entitlement cards, consumption coupons, etc., whereby the holders of the aforesaid cards or coupons are entitled to receive promotional materials from Zhuhai Huafa Group and enjoy discounts for services or products provided by Zhuhai Huafa Group (collectively, the "**Customers Referral Services**").

In consideration of the Customers Referral Services provided by the Group, the relevant members of Zhuhai Huafa Group agree to pay the Group the service fees for the Customers Referral Services. The service fees shall be charged within 15 Business Days after the completion of individual service and settled within 15 Business Days upon receipt of the relevant invoice(s). The Company and Zhuhai Huafa may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

The 2024-2026 Customers Referral Services Framework Agreement remained in effect from 1 January 2024 to 31 December 2026, with a proposed annual cap of RMB120 million per annum for the year ended 31 December 2024, RMB120 million per annum for the year ended 31 December 2025 and RMB120 million per annum for the year ending 31 December 2026.

During the Reporting Period, the actual transaction amount of the Company according to 2024-2026 Customers Referral Services Framework Agreement was RMB0, which did not exceed the relevant annual cap.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### *Description of the transaction and its purpose*

The Group has a broad and high-quality customer base derived from both online and offline sales channels. The Group's "omni-channel fulfilment" collaboration model with major e-commerce platforms has emerged as a prominent example of successful online and offline synergy within the industry. Drawing from past experiences, the Group has effectively referred its existing customers to telecommunications business partners in return for customer referral service fees.

Given the Group's vast customer base and the comprehensive customer database it maintains, including information such as age group, residential region, purchase preferences, and occupation, the Group is well-equipped to refer its customers to various subsidiaries of Zhuhai Huafa Group. This referral process takes into account the specific services and product types offered by each subsidiary, aligning with the preferences of the Group's existing customers.

In light of these factors, the renewal of the Customers Referral Services pursuant to the 2024-2026 Customers Referral Services Framework Agreement presents an opportunity for the Company to continue leveraging its extensive and high-quality customer base in collaboration with Zhuhai Huafa Group. By fully utilising its current resources and clientele, the Group can generate additional income to benefit the Group as a whole and the Shareholders.

## 6. 2024-2026 Financial Services Framework Agreement

### *Parties*

The Company (as the service recipient) and Huafa Finance Company (as the service provider).

### *Principal terms*

On 25 September 2023, the Company and Huafa Finance Company entered into the 2024-2026 Financial Services Framework Agreement. Huafa Finance Company agrees to provide the following financial services to the Group pursuant to the terms and conditions of the 2024-2026 Financial Services Framework Agreement:

**Deposit services:** provision of Deposit Services to the Group according to the requirements of the Group and formulation of optimal deposit portfolio for the Group, which include the current deposit, time deposit, call deposit and agreement deposit. The proposed cap in respect of the daily maximum outstanding balance of the deposits placed by the Group with Huafa Finance Company (including any accrued interest thereon) shall be RMB120 million.

**Credit services:** provision of credit services to the Group according to the operation and development needs of the Group, which include but not limited to working capital loans, bill acceptance and trade financing, etc. The credit services shall be provided by Huafa Finance Company to the Group in accordance with normal commercial terms or better. No security over the assets, security over the rights or other guarantees of the Group shall be provided for the loans. None of the Group's deposit placed with Huafa Finance Company shall be used as the pledge to the credit services provided by Huafa Finance Company. The highest comprehensive credit limit of the Group that may be applied on a revolving basis shall be RMB3 billion.

The term of the 2024-2026 Financial Services Framework Agreement ranges from 1 January 2024 to 31 December 2026, with a proposed annual cap of daily maximum outstanding balance of the deposits placed by the Group with Huafa Finance Company (including any accrued interests thereon) of RMB120 million per annum for the years ended 31 December 2024, 2025 and 2026.

## BOARD OF DIRECTORS' REPORT (Continued)

From 1 January 2024 to 21 May 2024, the actual transaction amounts of the Company according to the 2024-2026 Financial Services Framework Agreement were as follow: (1) the actual transaction amount of Deposit Services was about RMB115 million; and (2) the actual transaction amount of credit services was about RMB2,888 million. The above actual transaction amounts did not exceed the relevant annual caps.

### *Description of the transaction and its purpose*

Huafa Finance Company is a non-bank financial institution regulated by National Financial Regulatory Administration (the successor of the China Banking and Insurance Regulatory Commission) and is authorised to provide various financial services. The Group can use Huafa Finance Company as a medium to facilitate more efficient deployment of funds among the Company's subsidiaries. The financial services can promote capital liquidity within the Group, enhance overall capital management and the Group's controls and monitor financial risks, allow for quick and accurate monitoring and regulation of the use of the Group's funds. The deposit services form part of the Group's financial activities to further support its operational and financial needs, which helps improve the Group's efficiency of its cash management and working capital position. Unlike the credit services provided by some other financial institutions, the credit services offered by Huafa Finance Company do not require the Group to provide any security over the assets, security over the rights or other guarantees of the Group for the loans.

## 7. The First Supplemental Agreement to 2024-2026 Financial Services Framework Agreement

### *Parties*

The Company (as the service recipient) and Huafa Finance Company (as the service provider).

### *Principal terms*

On 11 March 2024, the Company and Huafa Finance Company entered into the First Supplemental Agreement to 2024-2026 Financial Services Framework Agreement (the “**First Supplemental Agreement**”) to increase the proposed annual caps from RMB120 million per year to RMB300 million per year for the Deposit Services for the years ending 31 December 2024, 2025 and 2026, which was in effect upon the approval by the independent Shareholders at the annual general meeting of the Company (the “**AGM**”) held on 22 May 2024.

From 22 May 2024 to 12 December 2024, the actual transaction amounts of the Company according to 2024-2026 Financial Services Framework Agreement (as revised and supplemented by the First Supplemental Agreement) were as follow: (1) the actual transaction amount of Deposit Services was about RMB299 million; and (2) the actual transaction amount of credit services was about RMB2,996 million. The above actual transaction amounts did not exceed the relevant annual caps.

### *Description of revised purpose*

In view of the continuous growth of the Group's business and operational scale, the Directors are of the view that the Group will continue and deploy more Deposit Services provided by Huafa Finance Company. The Directors anticipate that the demand of the Group for the Deposit Services will exceed the previous projection to the effect that the existing annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement will not be sufficient to meet the demand of the Group. Accordingly, the Company entered into the First Supplemental Agreement with Huafa Finance Company in order to cater for the Group's increasing demand in the Deposit Services, facilitate the Group in the overall capital management and support its potential business growth.

## BOARD OF DIRECTORS' REPORT *(Continued)*

Save for the above revision of the First Supplemental Agreement, all other principal terms of the 2024-2026 Financial Services Framework Agreement, including but not limited to the service scope of the financial services, the existing annual caps and pricing policy for the credit services to be provided by Huafa Finance Company to the Group under the 2024-2026 Financial Services Framework Agreement, as well as the relevant internal control procedures and the corporate governance measures in respect of the credit services, remain unchanged.

### 8. The Second Supplemental Agreement to 2024-2026 Financial Services Framework Agreement

#### *Parties*

The Company (as the service recipient) and Huafa Finance Company (as the service provider).

#### *Principal terms*

On 24 October 2024, the Company and Huafa Finance Company entered into the Second Supplemental Agreement to 2024-2026 Financial Services Framework Agreement (the “**Second Supplemental Agreement**”) to increase the proposed annual caps from RMB300 million to RMB3.3 billion for the Deposit Services for the years ending 31 December 2024, 2025 and 2026, which was in effect upon the approval by the independent Shareholders at the EGM held on 13 December 2024; and to increase the highest comprehensive credit limit that may be applied on a revolving basis from RMB3 billion to RMB5 billion for the years ending 31 December 2024, 2025 and 2026.

During the Reporting Period, the actual transaction amounts of the Company according to 2024-2026 Financial Services Framework Agreement (as revised and supplemented by the First Supplemental Agreement and Second Supplemental Agreement) were as follow: (1) actual transaction amount of Deposit Services was about RMB2.031 billion; and (2) the actual transaction amount of credit services was about RMB4.151 billion. The above actual transaction amounts did not exceed the relevant annual caps.

#### *Description of revised purpose*

In view of the view of the continuous growth of the Group's business and operational scale, as well as the Company and Huashi Zhiyuan having the contributed registered capital of the Joint Venture deposited into the account of the Joint Venture maintained with Huafa Finance Company after its establishment for better capital management, the Directors anticipate that the demand of the Group for the Deposit Services will far exceed the previous projection to the effect that the existing annual caps for the Deposit Services under the First Supplemental Agreement will not be sufficient to meet the increased demand of the Group. In addition, taking into account the continued business development of the Group, Huafa Finance Company and the Group intend to increase the existing annual caps in respect of the credit limit for the credit services to be provided by Huafa Finance Company to the Group under the 2024-2026 Financial Services Framework Agreement. Accordingly, the Company entered into the Second Supplemental Agreement with Huafa Finance Company in order to cater for the Group's increased demand for such services, facilitate the Group in the overall capital management and capture its potential business growth.

Save for the above revisions of the Second Supplemental Agreement, the other principal terms of the 2024-2026 Financial Services Framework Agreement and the First Supplemental Agreement, including but not limited to the service scope of the financial services, the pricing policy for the credit services to be provided by Huafa Finance Company to the Group under the 2024-2026 Financial Services Framework Agreement, as well as the relevant internal control procedures and the corporate governance measures in respect of the Deposit Services and the credit services, remain unchanged.

## BOARD OF DIRECTORS' REPORT (Continued)

On 24 October 2024, the Company entered into the 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement with Beijing Shangfang Intelligent Clean Energy Company Limited\* (北京尚方智慧清洁能源有限公司) (“**Beijing Shangfang**”). 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreements and the transaction contemplated thereunder (including the proposed cap) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Unless otherwise defined, capitalised terms used in this part shall have the same meanings as those defined in the announcement of the Company dated 24 October 2024 and the circular of the Company dated 25 November 2024.

### 1. 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement

#### *Parties*

The Company (as the supplier) and Beijing Shangfang (as purchaser).

#### *Principal terms*

As the term of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the cap for the continuing connected transaction thereunder expired on 31 December 2024 and the Group expects to continue to carry on the transactions contemplated thereunder upon its expiry, on 24 October 2024, the Company entered into the 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement with Beijing Shangfang.

Pursuant to the 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement, the Group agreed to purchase the Photovoltaic Equipment from independent third-party suppliers and supply such Photovoltaic Equipment to Beijing Shangfang.

The term of the 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement ranges from 1 January 2025 to 31 December 2027. The proposed cap in respect of the fees receivable from the sale of the Photovoltaic Equipment to be provided by the Group to Beijing Shangfang for the period shall be RMB3,000 million per annum for the years ending 31 December 2025, 2026 and 2027.

During the Reporting Period, the actual transaction amount of the Company according to 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement was approximately RMB376.84 million, which did not exceed the relevant annual cap.

#### *Description of the transaction and its purpose*

In line with the strategic direction of the Group in expanding the new energy business, the Company has been ramping up its efforts to develop and strengthen its presence in the photovoltaic new energy businesses in order to capture the potential business opportunities since 2023.

With strong support from the PRC government in the photovoltaic new energy sectors, the photovoltaic industry in the PRC is expected to maintain a favorable development trend in the foreseeable future. As a growing player in the photovoltaic power plant industry with a promising business outlook and development potential, and against the background of the growth of such industries, Beijing Shangfang will continue to expand the business and operation scale of the construction of photovoltaic power plants in various places in the PRC in the upcoming years, thereby resulting in a continuous increase in the procurement demand of Beijing Shangfang Group for the Photovoltaic Equipment from the Group.

\* For identification purposes only

## BOARD OF DIRECTORS' REPORT (Continued)

On the other hand, the Group has established a solid business relationship with several photovoltaic manufacturers and suppliers by entering into the framework purchase agreements for the purpose of meeting the stable and consistent demand of the Group in the procurement of Photovoltaic Equipment. Given that the Company is a PRC state-owned company listed on the Stock Exchange and is controlled by Zhuhai Huafa, which is a large state-owned conglomerate in the PRC under the direct supervision of Zhuhai SASAC, the Company is in a position to leverage on its capability and competitiveness to source the Photovoltaic Equipment and related components from the suppliers with a relatively more competitive price and favourable term and resell such products to Beijing Shangfang Group for supporting the increased demand of Beijing Shangfang Group in the relevant Photovoltaic Equipment.

By leveraging on the industry chain layout of Zhuhai Huafa in the new energy industry, the 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement will enable the Group to further expand its business offerings and bolster revenue stream and operational performance. The ongoing collaboration between the Group and Beijing Shangfang Group is expected to generate synergies and foster mutual economic benefits and interests for both parties, thereby accelerating the Group's development strategy in the photovoltaic new energy industry.

### Listing Rules Implication

Zhuhai Huafa is a state-owned conglomerate based in Zhuhai and is owned by Zhuhai SASAC and Department of Finance of Guangdong Province (廣東省財政廳) as to approximately 93.48% and approximately 6.52%, respectively. Zhuhai Huafa, through its subsidiaries, is principally engaged in four core business sectors of urban operations, real estate development, financial industry, and industrial investment, as well as two comprehensive supplementary businesses commerce and trade services and modern services.

Huafa Finance Company is a limited liability company established in the PRC and a subsidiary of Zhuhai Huafa. Huafa Finance Company is a non-bank financial institution regulated by NAFR, and the scope of its operations mainly includes the handling of deposits, loans, settlements and other related businesses, as well as the provision of consulting and agency business such as financial and financing consulting and credit verification services, etc. The ultimate beneficial owner of Huafa Finance Company is Zhuhai Huafa.

Zhuhai Huafa Automobile is a limited liability company established in the PRC and a subsidiary of Zhuhai Huafa. The scope of its operations mainly includes sale of automobiles, retail and wholesale of automobile-related spare parts and motor vehicle repair and maintenance. The ultimate beneficial owner of Zhuhai Huafa Automobile is Zhuhai Huafa.

As at the date of the announcement of the Company dated 24 October 2024, Beijing Shangfang is a limited liability company established in the PRC, which is principally engaged in the development, survey, design, construction and operation of the distributed photovoltaic power plants. Beijing Shangfang is a wholly-owned subsidiary of Zhuhai Shangfang Intelligent Clean Energy Company Limited\* (珠海尚方清潔能源科技有限公司) (“**Zhuhai Shangfang**”), and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owner of Beijing Shangfang is Mr. Jin Xin (金鑫) (“**Jin Xin**”), who (i) is the legal representative and general manager of Zhuhai Shangfang, responsible for its overall business and management; (ii) indirectly owns 51.00% equity interest in Zhuhai Shangfang through his majority-controlled companies; and (iii) is the general partner of Hefei Yunshun Technology Partnership (Limited Partnership)\* (合肥允舜科技合夥企業(有限合夥)) (“**Hefei Yunshun**”) and holds 1% partnership interest in Hefei Yunshun, which in turn owns 9.00% equity interest in Zhuhai Shangfang. Ms. Zhou Yi (周毅), the spouse of Jin Xin, holds approximately 87.89% partnership interest in Hefei Yunshun.

\* For identification purposes only

## BOARD OF DIRECTORS' REPORT (Continued)

In addition, as at the date of the announcement of the Company dated 24 October 2024, Zhuhai Huajin Alpha VI Equity Investment Fund Partnership (Limited Partnership)\* (珠海華金阿爾法六號股權投資基金合夥企業(有限合夥)) (“**Huajin Alpha**”) directly holds 30.00% equity interest in Zhuhai Shangfang. Huajin Alpha is owned as to approximately 99.97% partnership interest by Huafa Technology Industry Group and as to approximately 0.03% partnership interest by Zhuhai Huaying Investment Company Limited\* (珠海鑄盈投資有限公司) (“**Zhuhai Huaying**”). Zhuhai Huaying is the general partner of Huajin Alpha and is a wholly-owned subsidiary of Zhuhai Huajin Capital Co., Ltd.\* (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000532.SZ), which is controlled by Huafa Technology Industry Group (being a subsidiary of Zhuhai Huafa).

As at the date of the announcement of the Company dated 25 September 2023, Huafa Technology Industry Group (and any parties acting in concert with it) and Hong Kong Huafa jointly hold, control or direct approximately 90.76% of the total number of issued Shares, and both Huafa Technology Industry Group and Hong Kong Huafa are subsidiaries of Zhuhai Huafa. Accordingly, Zhuhai Huafa is the controlling Shareholder and the connected person. Huafa Finance Company and Zhuhai Huafa Automobile, both being the subsidiaries of Zhuhai Huafa, are also the connected persons of the Company.

As at the date of the announcements of the Company dated 11 March 2024 and 24 October 2024, Huafa Technology Industry Group (and any parties acting in concert with it) and Hong Kong Huafa jointly hold, control or direct approximately 74.99% of the total number of issued Shares, and both Huafa Technology Industry Group and Hong Kong Huafa are subsidiaries of Zhuhai Huafa. Accordingly, Zhuhai Huafa, Huafa Technology Industry Group and Hong Kong Huafa are each a controlling shareholder and a connected person. Huafa Finance Company, being a subsidiary of Zhuhai Huafa, is also a connected person of the Company. Beijing Shangfang, being a 30%-controlled company indirectly held by Zhuhai Huafa, is an associate of Zhuhai Huafa and hence a connected person of the Company.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the proposed annual caps under the 2023 Framework Agreements, the 2024-2026 Framework Agreements and the Deposit Services under the 2024-2026 Financial Services Framework Agreement is over 0.1% but less than 5%, as such, the transactions contemplated under the 2023 Framework Agreements, the 2024-2026 Framework Agreements and the Deposit Services under the 2024-2026 Financial Services Framework Agreement are subject to the reporting and announcement requirements but exempt from circular and the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Revised Deposit Caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement (as revised and supplemented by the First Supplemental Agreement) exceed 5%, the Deposit Services constitute a non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Revised Deposit Caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement (as revised and supplemented by the First Supplemental Agreement) exceed 5% but are less than 25%, the Deposit Services are also subject to the requirements applicable to discloseable transaction under Chapter 14 of the Listing Rules.

\* For identification purposes only

## BOARD OF DIRECTORS' REPORT *(Continued)*

In respect of the Deposit Services to be provided by Huafa Finance Company to the Group, as the highest applicable percentage ratio in respect of the Revised Deposit Caps for the Deposit Services under the First Supplemental Agreement (as revised and supplemented by the Second Supplemental Agreement) is more than 5%, the Deposit Services constitute a non-exempt continuing connected transaction of the Company, and are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio in respect of the Revised Deposit Caps for the Deposit Services under the First Supplemental Agreement (as revised and supplemented by the Second Supplemental Agreement) exceeds 100%, the Deposit Services constitute a major transaction of the Company (as the Deposit Services do not involve an acquisition or disposal of assets) and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In respect of the Revised Credit Caps for the credit services under the Second Supplemental Agreement, as the credit services to be provided by Huafa Finance Company to the Group are entered into on normal commercial terms or better, fair and reasonable and no security over the assets of the Group will be provided in respect of the credit services, the credit services constitute financial assistance to be provided by a connected person for the benefit of the Group under the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the sale of the Photovoltaic Equipment under the 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement exceed 5%, the transactions contemplated under the 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details about the 2023 Framework Agreements, the 2024-2026 Framework Agreements, the 2024-2026 Financial Services Framework Agreement (including the First Supplemental Agreement and the Second Supplemental Agreement) and the 2025-2027 Photovoltaic Equipment and Components Purchase and Sales Framework Agreement, please refer to the announcements dated 25 September 2023, 11 March 2024, 22 May 2024, 24 October 2024 and 13 December 2024 and the circulars of the Company dated 30 April 2024 and 25 November 2024 of the Company.

The independent non-executive Directors have reviewed the aforesaid continuing connected transactions during the year ended 31 December 2025, and confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or, from the perspective of the Group, on terms no less favourable than the terms available to or from independent third parties; and
- (iii) in accordance with relevant agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company was engaged to report on those continuing connected transactions which were conducted by the Group during the year ended 31 December 2025 as set out above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

## BOARD OF DIRECTORS' REPORT (Continued)

The auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions as disclosed on pages 38 to 53 of this annual report in accordance with Rule 14A.56 of the Listing Rules.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions for the year ended 31 December 2025 are set out in note 36 to the financial statements. In respect of the related party transactions that constitute continuing connected transactions, the Company has complied with the annual review and disclosure requirements under Chapter 14A of the Listing Rules. Save as disclosed in this annual report, during the year ended 31 December 2025, no related party transactions set out in note 36 to the financial statements were connected transactions (including continuing connected transactions) which were subject to the reporting, announcement or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCTS

During the Reporting Period, the Group has purchased the following structured deposit products (principal-guaranteed with floating return type). Unless otherwise specified, capitalised terms used in this part shall have the same meanings as those defined in the announcements of the Company dated 12 August 2024 and 17 February 2025.

Purchase Date	Company Name	Bank Name	Amount (RMB in million)	Starting Date	Expiry Date	Expected Minimum Annualized Rate of Return	Expected Maximum Annualized Rate of Return
12 August 2024	Zhuhai Dixintong Telecom Co., Ltd. ("Zhuhai Dixintong")	Bank of Communications (Zhuhai Yuehai Road Sub-branch)	200	14 August 2024	14 February 2025	1.55%	2.30%
17 February 2025	Zhuhai Dixintong	Bank of Communications (Zhuhai Yuehai Road Sub-branch)	140	18 February 2025	18 August 2025	1.50%	2.15%
17 February 2025	Zhuhai Dixintong	Industrial Bank (Zhuhai Branch)	50	18 February 2025	19 August 2025	1.50%	2.14%

As at 14 February 2025, the 2024 BOCOM Structured Deposit Product 2 has been redeemed in full upon its maturity on 14 February 2025 in accordance with the terms of the 2024 BOCOM Structured Deposit Product 2.

For further details on the subscription of structured deposit products, please refer to the Company's announcements dated 12 August 2024 and 17 February 2025.

### CHARITY DONATIONS

During the Reporting Period, the Group made no charitable and other donations.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### SIGNIFICANT LEGAL PROCEEDINGS

As of 31 December 2025, the Company was not engaged in any litigation or arbitration of material importance, and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

### PERMITTED INDEMNITY PROVISION

The Company purchased an insurance covering the liability of the Directors and the senior management of the Company with a validity period of 12 months with effect from 31 March 2024, and was renewed for another 12 months in March 2025. Except for such insurance, the Company has no valid permitted indemnity provisions (as defined in Companies (Directors' Report) Regulation of the Chapter 622D of Hong Kong Laws) during the Reporting Period and as of the date of this annual report.

### EVENTS AFTER THE FINANCIAL YEAR END DATE

Details of the major events occurring after the financial year end date are set out in the "Management Discussion and Analysis" section on page 18 of this annual report.

### AUDIT COMMITTEE

The Audit Committee has reviewed the Group's annual results for 2025 and the financial statements prepared in accordance with IFRSs for the year ended 31 December 2025 and this annual report.

### CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules as its own code of corporate governance.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Xu Jili ("**Ms. Xu**") serves as the chairwoman and president of the Company. The position of the president has the same role and responsibility as the chief executive officer but with a different job title. The Board is of the view that it is appropriate and in the best interests of the Company that Ms. Xu holds both positions as it helps to maintain the efficiency of the operations of the Company. The Board also meets on a regular basis to review the operations of the Company led by Ms. Xu. Accordingly, the Board believes that such an arrangement will not affect the balance of power and authority between the Board and management of the Company. The Company will continue reviewing and enhancing its corporate governance practices to ensure compliance with the CG Code.

For the Reporting Period, save as disclosed in this annual report, the Company has complied with all the applicable code provisions as set out in the CG Code and adopted most of the recommended best practices.

## BOARD OF DIRECTORS' REPORT *(Continued)*

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of at least 25% as at the date of this annual report as required under the Listing Rules.

As of 31 December 2025, approximately 25.01% of the total issued Shares (excluding treasury shares, if any) were held by the public.

### AUDITOR

Ernst & Young was appointed as the auditor for the financial statements prepared in accordance with IFRS Accounting Standards for the year ended 31 December 2025. The accompanying financial statements prepared in accordance with IFRSs have been audited by Ernst & Young.

A resolution for the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the forthcoming AGM.

The Company's auditor has not been changed for the past three years.

By order of the Board

**Xu Jili**

*Chairwoman*

Beijing, 31 March 2026



# CORPORATE GOVERNANCE REPORT

The Board of Directors is pleased to present the corporate governance report in the annual report of the Company for the year ended 31 December 2025.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code contained in Appendix C1 to the Listing Rules. The Board of Directors is of the view that, save as disclosed in this annual report, the Company has complied with all the applicable code provisions as set out in the CG Code and adopted most of the recommended best practices during the year ended 31 December 2025. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## BOARD OF DIRECTORS

### Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for the day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration and Assessment Committee, the nomination committee (the "**Nomination Committee**") and the strategy committee (the "**Strategy Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

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

The primary authorities exercisable by the Board include: convening Shareholders' meetings to report their work and carry out the resolutions approved thereat; determining the Company's business plans and investment proposals; developing annual financial budget plans, profit distribution plans and loss recovery plans of the Company; devising plans to increase or reduce the registered capital of the Company and issue corporate bonds; putting forward plans for merger, spin-off and dissolution of the Company; determining the establishment of the Company's internal management; appointing or dismissing the Company's general manager and, according to the nomination of the general manager, appointing or dismissing the Company's deputy general managers and other senior management, as well as determining their remunerations; establishing the Company's fundamental management system; and proposing amendments to the Articles of Association.

The Board is well-functioning, and the forms, contents, procedures and implementation of the meetings are in compliance with the Articles of Association and relevant laws and regulations. Specifically, the Board shall convene at least four regular meetings each year and other extraordinary meetings as and when necessary. The notice of a regular meeting shall be given to all Directors at least fourteen days prior to the date of the meeting to ensure their attendance. The notice of an extraordinary meeting shall be given to Directors within a reasonable time with sufficient information such as relevant background information of the matters in the agenda to be considered, as well as data and statistics of the Company's business development for their easier understanding. As adopted by the Board, two or more external Directors who consider the information insufficient or insubstantial may request the Board in writing to postpone the Board meeting or the consideration of the matters in the agenda.

The minutes of the Board meetings shall be complete and true. The attended Directors, the secretary to the Board and the minutes taker shall sign on the minutes which shall then be maintained by dedicated personnel as important evidence in clarifying the responsibilities of the Directors.

## CORPORATE GOVERNANCE REPORT *(Continued)*

The Board may delegate certain authorities to the chairwoman of the Company during the recess of the Board, as defined and specified in the Articles of Association.

In the event that a Director has a connected relationship with an enterprise involved in a resolution considered at a Board meeting, he/she shall not exercise his/her voting right over the resolution, nor shall he/she exercise other Directors' voting rights on behalf of them. The Board meeting shall be held only when more than half of the unconnected Directors attend the meeting. The resolution of the Board meeting must be passed by more than half of the unconnected Directors. If there are less than three unconnected Directors attending the Board meeting, such matter shall be considered by the Shareholders at a general meeting.

The primary duties and responsibilities of the Company's management include: implementing the resolutions of the Board, the Company's business plans and investment plans; implementing the Company's key management systems and supervising their implementation, managing the Company's revenues and expenditures and supervising fund flows, and determining the changes in key positions.

The Company purchased liability insurance for the Directors and senior management of the Company in 2025, with expiry on 30 March 2026. In March 2026, the Company renewed the insurance with a valid period from 31 March 2026 to 30 March 2027.

### Board Composition

For the Reporting Period and up to the date of this annual report, the Board comprises of nine members, including four executive Directors, two non-executive Directors and three independent non-executive Directors as set out below:

#### *Executive Directors:*

Ms. Xu Jili (*Chairwoman*)  
Ms. Xu Liping  
Mr. Liu Liang (appointed on 21 October 2025)  
Mr. Liu Donghai

#### *Non-executive Directors:*

Mr. Xie Hui (resigned on 21 October 2025)  
Mr. Jia Zhaojie  
Ms. Pan Anran

#### *Independent Non-executive Directors:*

Mr. Lv Tingjie  
Mr. Lv Pingbo  
Mr. Cai Chun Fai

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

As at the date of this annual report, none of the Directors and senior management of the Company has any personal relationship (including financial, business, family or other material or relevant relationship) with other Directors and senior management of the Company.

## CORPORATE GOVERNANCE REPORT *(Continued)*

All Directors, including the independent non-executive Directors, have brought a wide spectrum of invaluable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Strategy Committee.

As the code provision in the CG Code requires Directors to disclose the number and nature of offices held in listed companies or organisations and other significant commitments as well as their identities and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company when appropriate.

### Independent Non-executive Directors and Board Independence Evaluation Mechanism

Independent non-executive Directors play an important role in the Board because they provide impartial advice on issues of strategy, performance and control of the Group and have regard for the interests of all Shareholders. All independent non-executive Directors have appropriate educational background, professional qualifications or related financial management experience. No independent non-executive Director holds any other position in the Company or any of its subsidiaries or has any interest in any Shares.

The Company adopted the Board Independence Evaluation Mechanism (the “**Board Independence Evaluation Mechanism**”) on 29 April 2022. The Board Independence Evaluation Mechanism is designed to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgment to better safeguard Shareholders’ interests. The objectives of the Board Independence Evaluation Mechanism are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director. The Company established the Board Independence Evaluation Mechanism to enable Directors to seek independent professional advice in performing their duties and encourage them to access and consult with the Company’s senior management independently.

The Nomination Committee and the Board will assess annually the independence of all independent non-executive Directors to ensure that they can provide independent views and advice to the Board. The Board Independence Evaluation Report will be presented to the Board, which will collectively discuss the results and the action plan for improvement, if appropriate. All relevant factors to be considered include:

- the character, integrity, expertise, experience and stability necessary to carry out their duties;
- time and efforts to be invested in the affairs of the Company;
- moves to resolutely perform their duties as independent Directors and participate in the work of the Board of Directors;
- declaration of conflicts of interest as independent non-executive Directors;
- non-participation in the day-to-day management of the Company and no relationships or circumstances that would influence their independent judgment; and
- regular meetings to be held between the chairwoman of the Company and independent non-executive Directors in the absence of executive Directors.

## CORPORATE GOVERNANCE REPORT *(Continued)*

The Board will review the implementation and effectiveness of the Board Independence Evaluation Mechanism annually. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory. The Company has received an annual statement from each of the independent non-executive Directors confirming their independence. Pursuant to the criteria set out in Rule 3.13 of the Listing Rules, the Company considers all of them to be independent.

### Board Diversity Policy

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. The board diversity policy is summarised below:

#### *Policy Statement*

The Company is of the view that the diversity of the Board is one of the essential factors in sustaining the competitive edge of the Company and facilitating the sustainable development of the Company. When determining the composition of the Board, the Company will consider board diversity in terms of various factors, including but not limited to gender, age, cultural background, ethnicity and educational background, professional experience, knowledge and skills.

#### *Measurable Objectives*

The Board will review the measurable objectives relevant to the Board composition in accordance with the board diversity policy and will consider setting measurable objectives to implement the board diversity policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of service. The ultimate decision will be made based on the merits and contribution that the selected candidates can bring to the Board.

#### *Monitoring and Reporting*

The Nomination Committee will review the structure, size and composition of the Board and make recommendations or advice to the Board on the appointment of new Directors. The above review and recommendations or advice all take the benefits of board diversity into full consideration.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### Review of the Policy

The Nomination Committee will disclose the diversification of the Board's composition in the Corporate Governance Report annually and monitors the implementation of the board diversity policy.

During the Reporting Period, the implementation of the board diversity policy was as follows:

1. The Board comprises of nine Directors, of which three are independent non-executive Directors. The arrangement is in compliance with Rules 3.10(1) and 3.10A of the Listing Rules in relation to "at least one-third of the members of the Board shall be independent non-executive Directors".
2. At least one of the independent non-executive Directors has obtained financial professional qualifications. Other Directors have professional experience in law, finance, business management and public services, and also meet the requirements of Rule 3.10(2) of the Listing Rules.
3. The Directors have different educational backgrounds, including master's degrees in law and accounting, bachelor's degrees in management, and doctorate in economics. Their ages range from 38 to 70 and three are female members. The Nomination Committee has reviewed the board diversity policy to ensure its effectiveness and believes that the members of the Board have achieved diversity.

The Company recognises and accepts the benefits of a diverse Board and believes that enhancing board diversity is critical to maintaining its competitive advantage. In accordance with the board diversity policy, the Nomination Committee will annually review the structure, size and composition of the Board of Directors in order to establish a channel of potential successors to Directors conducive to achieving gender diversity, and make recommendations for changes to the Board as appropriate to align with the Company's corporate policy and ensure a balanced and diverse Board.

The male to female ratio of the Company's entire staff (including senior management) is about 1:1.5. The Company aims to maintain an appropriate balance from the perspective of diversity in relation to the growth of its business. It also endeavours to ensure that recruitment and selection practices at all levels, from the Board to its staff, are properly established, so as to take into account candidates from different backgrounds. During the Reporting Period, the Company did not identify any factors or circumstances that would make achieving gender diversity in the workforce, including senior management, more challenging or would be irrelevant to gender diversity.

During the Reporting Period, the Nomination Committee and the Board have reviewed the Company's board diversity policy and consider it to be effective. Also, the Board considers that the current overall workforce is sufficiently diverse and is of the view that the current gender diversity has achieved the objective set by the Company. Going forward, the Board will continue its efforts in ensuring that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and recommended best practices.

## CORPORATE GOVERNANCE REPORT (Continued)

### Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide its Directors with updates on the latest development and changes of the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the Reporting Period, the Directors participated in continuous professional development on topics such as the CG Code, regulatory updates on the Listing Rules, environmental, social and governance development trends and response strategies in the new landscape, as well as case-based compliance training through the following:

Director	Type of training
Cai Chun Fai, Lv Tingjie and Lv Pingbo	A/B
Xie Hui, Jia Zhaojie and Pan Anran	A/B
Xu Jili, Xu Liping and Liu Donghai	A/B
Liu Liang (appointed as a Director on 21 October 2025)	A/B

Notes:

A: Participating in training sessions, seminars and conferences on special topics such as economics, finance and management provided by the Company or other external parties.

B: Reading materials on the regulations relating to corporate governance, directors' duties, internal control and risk management and attendance of seminars, forums and conferences provided by the Company or other external parties.

### Chairman and Chief Executive Officer

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Xu is the chairwoman and president of the Company. The position of the president has the same role and responsibility as the chief executive officer but with a different job title. The Board is of the view that it is appropriate and in the best interests of the Company that Ms. Xu holds both positions as it helps to maintain the efficiency of the operations of the Company. The Board also meets on a regular basis to review the operations of the Company led by Ms. Xu. Accordingly, the Board believes that such arrangement will not affect the balance of power and authority between the Board and the management of the Company. The Company will continue reviewing and enhancing its corporate governance practices to ensure compliance with the CG Code.

### Appointment and Re-election of Directors

Ms. Xu Jili, Ms. Xu Liping, Mr. Liu Donghai, Mr. Xie Hui, Mr. Jia Zhaojie, Ms. Pan Anran, Mr. Lv Tingjie, Mr. Lv Pingbo and Mr. Cai Chun Fai, members of the fifth session of the Board, entered into service agreements with the Company on 19 May 2023 with a fixed term of three years commencing from 19 May 2023 until the expiry of the fifth session of the Board of Directors. Mr. Xie Hui resigned as the non-executive Director on 21 October 2025. Mr. Liu Liang was appointed as an executive Director on 21 October 2025 and entered into a service agreement with the Company on 21 October 2025 until the expiry of the fifth session of the Board of Directors. The service agreements entered into between the Company and each of the Directors are subject to renewal in accordance with the Articles of Association and applicable laws, rules and regulations or early termination in accordance with their respective terms.

Save as disclosed above, none of the Directors has a service contract with the Group which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, the Company shall establish the Board which is accountable to the general meetings. Directors shall be elected at the general meetings with a term of office of three years. Upon expiry of their term of office, Directors are eligible for re-election. At the re-election of the Board, external Directors, being Directors who do not hold any positions in the Company, shall account for more than half of the total number of Directors. Where the number of vacancy of Directors is not more than the number specified by the Company Law or not less than two-thirds of the number of Directors prescribed by the Articles of Association, the Board has the power to appoint any person as a Director to fill the casual vacancy, and any person to be appointed as a Director to fill a casual vacancy of the Board shall hold office until the next following AGM and shall then be eligible for re-election.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-election and succession planning of the Directors.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### Board Meetings

The Company will adopt the practice of holding Board meetings regularly. Notices of not less than fourteen days will be given for all regular Board meetings to provide all Directors with an opportunity to attend regular meetings and discuss matters in the agenda.

For other committee meetings, written notices of fourteen days will be given to all committee members. Such notices will set out the agenda and relevant Board papers to ensure that the committee members have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and committee meetings will record in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are/will be sent to each Director for comments within a reasonable time after the meeting is held.

During the Reporting Period, the Board of Directors held 4 Board meetings and 2 general meetings. The attendance of individual Directors at the meetings is set out in the table below:

Name of Director	Number of Board Meetings Attended / Total Number of Board Meetings	Number of General Meetings Attended / Total Number of General Meetings
Ms. Xu Jili ( <i>Chairwoman</i> )	4/4	2/2
Ms. Xu Liping	4/4	2/2
Mr. Liu Donghai	4/4	2/2
Mr. Liu Liang (appointed on 21 October 2025)	1/1	N/A
Mr. Xie Hui (resigned on 21 October 2025)	3/3	2/2
Mr. Jia Zhaojie	4/4	2/2
Ms. Pan Anran	4/4	2/2
Mr. Lv Tingjie	4/4	2/2
Mr. Lv Pingbo	4/4	1/2
Mr. Cai Chun Fai	4/4	2/2

## CORPORATE GOVERNANCE REPORT *(Continued)*

A total of 29 Board's resolutions were passed at four regular Board meetings held during the Reporting Period, details of which are as follows:

1. On 24 January 2025, the Company held the 29th meeting of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which 3 resolutions were considered and approved;
2. On 26 March 2025, the Company held the 31st meeting of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which 17 resolutions were considered and approved;
3. On 27 August 2025, the Company held the 38th meeting of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which 8 resolutions were considered and approved; and
4. On 4 December 2025, the Company held the 41st meeting of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which 1 resolution was considered and approved.

### Shareholders' General Meeting

Details of the Shareholders' general meetings held during the Reporting Period are as follows:

On 21 May 2025, the Company held the AGM for the year 2024 in Beijing. Three Shareholders or their proxies holding 837,794,620 Shares, representing approximately 94.51% of the total number of the issued Shares as at the date of the meeting, attended the meeting. The meeting was chaired by chairwoman of the Company, Ms. Xu. Certain Directors, all Supervisors and certain senior management members of the Company attended the meeting. Seven ordinary resolutions and one special resolution were approved by open voting at the meeting.

On 21 October 2025, the Company held an EGM in Beijing. Three Shareholders or their proxies holding 823,145,412 Shares, representing approximately 92.86% of the total number of the issued Shares as at the date of the meeting, attended the meeting. The meeting was chaired by chairwoman of the Company, Ms. Xu. All Directors and Supervisors as well as certain senior management members of the Company attended the meeting. One ordinary resolution and four special resolutions were approved by open voting at the meeting.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' and Supervisors' securities transactions. Specific enquiries have been made to all Directors and Supervisors, and each of the Directors and Supervisors has confirmed that he/she has complied with the standard requirements set out in the Model Code during the Reporting Period (or, in respect of the Supervisors, for the period from 1 January 2025 until the abolition of the Board of Supervisors on 21 October 2025).

During the Reporting Period, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standards set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

### Delegation by the Board

The Board reserves the decision for all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial data, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any substantial transactions to be entered into by the management.

### Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional developments of the Directors and senior management of the Company;
3. to review and monitor the Company's policies and practices on its compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

## BOARD COMMITTEES

### Nomination Committee

The Nomination Committee currently comprises of three members, including one executive Director, Ms. Xu Jili (chairwoman), and two independent non-executive Directors, namely Mr. Lv Pingbo and Mr. Cai Chun Fai.

The principal duties of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and to the largest extent possible to ensure membership diversity in the composition of the Board;
2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
3. to assess the independence of independent non-executive Directors;
4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairwoman and the president of the Company; and
5. to review the board diversity policy and the Directors' nomination policy of the Company.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skills and ability to commit time and effort to carry out the duties. The recommendations of the Nomination Committee will then be submitted to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Nomination Committee held one meeting. The attendance of each member of the Nomination Committee at the meeting is set out in the table below:

Name of Director	Number of Meetings Attended/ Total Number of Meetings
Ms. Xu Jili ( <i>Chairwoman</i> )	1/1
Mr. Lv Pingbo	1/1
Mr. Cai Chun Fai	1/1

Details of the meeting are as follows:

1. On 26 March 2025, the Company held the 3rd meeting of the Nomination Committee of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which 2 resolutions were considered and approved.

### Directors' Nomination Policy

The Nomination Committee's responsibilities are to study and formulate the criteria and procedures pertaining to selecting and recommending candidates, and to examine and verify candidates for directorship, and make advice or recommendations to the Board thereon. Also, to review the structure, size and composition (including the skills, knowledge, experience, gender, age, cultural and educational background, and the term of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, and to the largest extent possible to ensure membership diversity in the composition of the Board. Summary of the diversity policy for board members of the Company, please refer to the section headed "Board Diversity Policy" under the "Corporate Governance Report" in this annual report.

The Nomination Committee shall seek for the right candidates for the position of Directors in the Company itself, the subsidiaries (or affiliates) of the Company and the talent market, and collect information about the candidates including their occupation, academic background, title, working experience in detail and all the part-time jobs to produce written materials. After obtaining the consent of the nominees, the Nomination Committee shall convene its meeting, reviewing the preliminary candidates according to the qualification required by the Company. After the Nomination Committee forms a majority of votes, the Nomination Committee will conduct other follow-up work after decisions and feedback of the Board.

During the Reporting Period, the Nomination Committee and the Board have reviewed the Company's Directors' nomination policy and consider it effective. The Nomination Committee has also assessed each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively.

The Directors confirmed that they have devoted sufficient time and attention to the Company's affairs and made contributions commensurate with their roles and responsibilities on the Board during the Reporting Period.

### Remuneration and Assessment Committee

The Remuneration and Assessment Committee currently comprises of three members, namely Mr. Cai Chun Fai (chairman), Ms. Xu Liping and Mr. Lv Pingbo. Apart from Ms. Xu Liping who is an executive Director, other members are independent non-executive Directors.

The principal duties of the Remuneration and Assessment Committee are as follows:

1. to consult the chairwoman and/or president of the Company about their remuneration proposals for other executive Directors;
2. to make recommendations to the Board on the overall policy and structure for the remuneration of Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy, and to review and approve remuneration proposals of management with reference to the corporate guidelines and goals set by the Board;
3. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board;
4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, which include benefits in kind, pension rights and compensation payments, including compensation payable for loss or termination of their office or appointment;
5. to make recommendations to the Board on the remuneration of non-executive Directors;
6. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
7. to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration; and
8. to consider any concrete plan proposed by the management of the Company for the grant of option or Share which has not been granted, and any plan to amend any existing share scheme of the Company; and to review and/or approve matters relating to the share schemes under Chapter 17 of the Listing Rules and ensure compliance of any share scheme of the Company with the provisions of Chapter 17 of the Listing Rules.

## CORPORATE GOVERNANCE REPORT *(Continued)*

The written terms of reference of the Remuneration and Assessment Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration and Assessment Committee held one meeting. The attendance of each member of the Remuneration and Assessment Committee at the meeting is set out in the table below:

Name of Director	Number of Meetings Attended/ Total Number of Meetings
Mr. Cai Chun Fai ( <i>Chairman</i> )	1/1
Ms. Xu Liping	1/1
Mr. Lv Pingbo	1/1

Details of the meeting are as follows:

1. On 26 March 2025, the Company held the 3rd meeting of the Remuneration and Assessment Committee of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which one resolution was considered and approved.

The Remuneration and Assessment Committee has reviewed the remuneration of Directors and senior management members of the Company for the year 2025, as well as the Company's policy and structure for the remuneration of all Directors and senior management of the Company. Based on the review, the Remuneration and Assessment Committee has made recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company.

### Remuneration of Directors, Supervisors and Senior Management

The Company has established a formal and transparent procedure for formulating policies on the remuneration of Directors, Supervisors and senior management of the Group. The Remuneration and Assessment Committee formulated the Group's emolument policy and structure of the Directors and senior management, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the remuneration of each of the Directors and Supervisors for the Reporting Period are set out in note 10 to the financial statements of this annual report on pages 135 to 137.

The biographies of the senior management of the Company are disclosed in the section headed "Directors and Senior Management" in this annual report. The remuneration by band of non-Director members of the senior management of the Company for the Reporting Period is as follows:

Remuneration band (RMB)	Number of individuals
1,000,000 to 2,000,000	1

## CORPORATE GOVERNANCE REPORT *(Continued)*

### Audit Committee

The Audit Committee currently comprises of three members, namely Mr. Cai Chun Fai (chairman), Ms. Pan Anran and Mr. Lv Tingjie. Apart from Ms. Pan Anran who is a non-executive Director, the other members are independent non-executive Directors.

The principal duties of the Audit Committee are as follows:

1. to exercise the functions and powers of the Board of Supervisors as stipulated in the Company Law, including but not limited to: (i) examining the Company's financial affairs; (ii) monitoring any acts of Directors and senior management in performing their duties, and proposing the removal of Directors or senior management who violate laws, administrative regulations, the Articles of Association, or any Shareholders' meeting resolutions; (iii) proposing the convening of EGM, and convening and presiding over Shareholders' meetings if the Board of Directors fails to perform its duty to convene and preside over such meetings as stipulated in the Company Law; and (iv) proposing motions to the Shareholders' meeting;
2. to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to deal with any issues related to resignation or dismissal of the external auditor;
3. to review and supervise the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss the nature and scope of the audit and reporting responsibilities with the external auditor before the audit work commences;
4. to develop and implement policies on engaging the external auditor to provide non-audit services;
5. to monitor integrity of the Company's financial statements, annual reports and accounts and half-year reports and quarterly reports, and to review significant financial reporting judgments contained therein;
6. to oversee the Group's financial reporting system, risk management, and internal control systems;
7. to discuss the risk management and internal control systems with the Company's management to ensure that management has fulfilled its duties to establish effective systems;
8. to ensure coordination between the work of the internal and external auditors, and ensuring that the internal audit function is adequately resourced within the Group and has appropriate standing; and to review and monitor its effectiveness;
9. to review the Group's financial and accounting policies and practices;
10. to act as the main representative between the Group and the external auditor, responsible for overseeing the relationship between them (including but not limited to reviewing any significant questions raised by the external auditor to management regarding accounting records, financial accounts, or risk management and internal control systems, and management's responses thereto, if any); and
11. to perform the corporate governance functions of the Company.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

## CORPORATE GOVERNANCE REPORT *(Continued)*

During the Reporting Period, the Audit Committee held two meetings. The attendance of each member of the Audit Committee at the meetings is set out in the table below:

Name of Director	Number of Meetings Attended/ Total Number of Meetings
Mr. Cai Chun Fai ( <i>Chairman</i> )	2/2
Ms. Pan Anran	2/2
Mr. Lv Tingjie	2/2

Details of the meetings are as follows:

1. On 26 March 2025, the Company held the 8th meeting of the Audit Committee of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which seven resolutions were considered and approved; and
2. On 23 August 2025, the Company held the 9th meeting of the Audit Committee of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which two resolutions were considered and approved.

The Audit Committee has reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting functions), risk (including environmental, social and governance risks) management systems and processes and the re-appointment of the external auditor. The Board has not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The Audit Committee has also reviewed the annual results of the Group for the year ended 31 December 2025, this annual report as well as the audit report prepared by the external auditor in relation to the accounting issues and major findings in course of audit.

### Strategy Committee

The Strategy Committee currently comprises five members, including four executive Directors, namely Ms. Xu Jili (chairwoman), Ms. Xu Liping, Mr. Liu Liang and Mr. Liu Donghai, and one non-executive Director, namely Mr. Jia Zhaojie.

## CORPORATE GOVERNANCE REPORT *(Continued)*

The principal duties of the Strategy Committee are as follows:

1. to monitor the risk of legal sanctions against the Company;
2. to conduct research and make proposals on the long-term development strategies and plans of the Company;
3. to conduct research and make proposals on the significant investment and financing plans which need to be approved by the Board in accordance with the Articles of Association;
4. to conduct research and make proposals on the significant projects of capital manipulation and assets operation which need to be approved by the Board in accordance with the Articles of Association;
5. to conduct research and make proposals on the significant matters that affect the development of the Company;
6. to monitor the implementation of the above-mentioned issues; and
7. other matters that the Board has authorised it to deal with.

During the Reporting Period, the Strategy Committee held one meeting. The attendance of each member of the Strategy Committee at the meetings is set out in the table below:

Name of Director	Number of Meetings Attended/ Total Number of Meetings
Ms. Xu Jili ( <i>Chairwoman</i> )	1/1
Ms. Xu Liping	1/1
Mr. Liu Liang (appointed on 21 October 2025)	N/A
Mr. Liu Donghai	1/1
Mr. Xie Hui (resigned on 21 October 2025)	1/1
Mr. Jia Zhaojie	1/1

Details of the meetings are as follows:

1. On 26 March 2025, the Company held the 3rd meeting of the Strategy Committee of the fifth session of Board of Directors by face-to-face communication and electronic communication means, at which one resolution was considered and approved.

### **DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS**

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2025, which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management of the Company has provided the Board with such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the "Independent Auditor's Report" on pages 80 to 85 of this annual report.

### **WHISTLEBLOWING POLICY**

The Company has adopted a whistleblowing policy (the "**Whistleblowing Policy**") on 29 April 2022. The Whistleblowing Policy was formulated to (i) promote compliance and ethics and achieve good corporate governance throughout the Group; and (ii) highlight the importance of ethical behaviour and encourage the reporting of improper, illegal and unethical behaviour.

The nature, status and handling outcome of complaints received under the Whistleblowing Policy shall be reported to the Audit Committee or to the chairwoman or president of the Company. Any convictions will be reported to the Board of Directors and the Audit Committee. During the Reporting Period, no fraud or misconduct that had a material impact on the financial statements or operations of the Group was detected. The Audit Committee will review the Whistleblowing Policy annually to ensure its effectiveness.

During the Reporting Period, the Audit Committee has reviewed the Whistleblowing Policy and considers it to be effective.

### ANTI-CORRUPTION POLICY

The Company has adopted an anti-corruption policy (the “**Anti-corruption Policy**”) on 29 April 2022, which covers anti-corruption, the code of conduct, the guidelines on gifts, hospitality and gratuities, the Group’s expectations and requirements in business ethics, and the investigation and reporting mechanism for suspected corrupt practices. Any convictions will be reported to the Board of Directors and the Audit Committee.

The Group is committed to upholding the highest standards of integrity and ethical conduct in the conduct of its business. The Anti-corruption Policy forms part of the Group’s corporate governance framework. The Anti-corruption Policy sets out specific behavioural guidelines to be followed by the Group’s staff and business partners in the fight against corruption. This demonstrates the Group’s commitment to practicing ethical business practices and complying with anti-corruption laws and regulations applicable to its local and overseas operations. To fulfill the commitment and ensure its transparency, the Group formulated the Anti-corruption Policy as a guide to the conduct of all employees of the Group and third parties dealing with the Group.

The Anti-corruption Policy will be regularly reviewed and updated to comply with applicable laws, regulations and industry best practices.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms its responsibility to ensure that the Company has established and maintained a sound risk management and internal control system within the Group and is responsible for reviewing its effectiveness. The system is designed to manage and reduce the risks (including but not limited to material environmental, social and governance risks) associated with its business operation to an acceptable level, rather than to eliminate the risk of failure to meet its business objectives, and will only be able to provide reasonable, but not absolute, guarantee that no material misrepresentation, loss or fraud exists.

The Board has authorised the Audit Committee to monitor the Group’s risk management and internal control system and to conduct an annual review of the effectiveness of the system. The review covers the monitoring on all major aspects, including financial monitoring, operational monitoring and compliance monitoring.

Under the Company’s risk management and internal control system, the management of the Company is responsible for the design, implementation and maintenance of the risk management and internal control system to ensure that, in particular, (i) proper policies and procedures have been designed and established to safeguard the assets of the Group from not being misappropriated or improperly disposed of; (ii) relevant laws, rules or regulations have been observed and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant audit standards and regulatory reporting requirements.

The Company’s risk management and internal control system has the following key features: (i) the responsible persons of the key operating units or departments to manage and reduce the identified risks (including environmental, social and governance risks) in accordance with the internal guidelines approved by the Board and the Audit Committee; (ii) the responsibility of the management to ensure that proper measures have been taken to address material risks (including environmental, social and governance risks) arising from the Group’s business and operation; and (iii) provision of independent confirmation from the internal audit personnel to the Board, the Audit Committee and the management on the effectiveness of the risk management and internal control system.

## CORPORATE GOVERNANCE REPORT *(Continued)*

The key tasks under the Company's risk management and internal control system for the Reporting Period are as follows:

- Each key operating unit or department is responsible for day-to-day risk management activities, including identifying material risks (including environmental, social and governance risks) that may affect the performance of the Group; assessing and evaluating the identified material risks (including environmental, social and governance risks) based on its impact and possibility of occurrence; planning and implementing certain measures, control and contingency plans to manage and mitigate such risks (including environmental, social and governance risks);
- The management and the finance department of the Company monitor and review the risk management and internal control system on an on-going basis and report to the Audit Committee on the operation of the system;
- The management of the Company regularly follows up and reviews the measures, control and the contingency plans for the identified material risks (including environmental, social and governance risks) to ensure that adequate attention, control and response are in place for the identified material risks (including environmental, social and governance risks);
- The management of the Company regularly reviews the risk management and internal control system to detect if there are any defects in the program and the monitoring, and will design and implement remedy actions to address such defects; and
- The management of the Company has to ensure the normal operation of the appropriate program and measures, such as preventing of the assets from being misappropriated or disposed of without authorisation, controlling the capital expenditures, maintaining proper accounting records, and ensuring the reliability of the financial data used in the business operation and publication.

The Company's internal audit function plays a role in monitoring the internal governance of the Company and the provision of independent confirmation on the adequacy and effectiveness of the Company's risk management and internal control system. The senior executives in charge of internal audit functions report directly to the Audit Committee and submit an internal audit report to the Audit Committee in accordance with the audit plan agreed by the Board. The results on the internal audit have to be reported to all Directors. During the Reporting Period, the internal audit function has analysed and evaluated the adequacy and effectiveness of the Company's risk management and internal control system, in particular the inspection of the documents related to risks (including environmental, social and governance risks) prepared by the operating units and the management, and conducted face to face interviews with staff at various levels. The senior executives in charge of the internal audit function attended the meetings of the Audit Committee and explained the results of the internal audit and answered the questions raised by the Audit Committee.

## CORPORATE GOVERNANCE REPORT *(Continued)*

The Company has formulated a policy to ensure that the inside information is disclosed to the public in a fair and timely manner in accordance with applicable laws and regulations. The senior executives appointed by the Group to be in charge of investor relations, corporate affairs and financial control functions are responsible for controlling and monitoring that proper procedures for disclosure of inside information are followed. Relevant senior executives may access to the inside information at any time on the “as needed” basis. The relevant personnel and other professionals involved will be reminded of keeping the inside information confidential until it is disclosed to the public. The Company has other procedures in place to avoid the possibility of erroneous handling of inside information in the Group, such as prior approval for dealing in the Company’s securities by the Directors and of the Company’s management members, notices of the fixed lock-up period, restrictions on dealings in securities by Directors and employees, as well as codes for identification of projects.

The Company has accepted relevant arrangements to assist employees and other stakeholders in raising their concerns in confidence on the possible irregularities in financial reporting, internal control or other aspects. The Audit Committee reviews such arrangements on a regular basis and ensures that appropriate arrangements are in place for carrying out a fair and independent investigation and taking appropriate action on such matters.

During the Reporting Period, the Audit Committee reviewed the effectiveness of the Company’s risk management and internal control system. The annual review covered the following aspects: (i) reviewing the reports submitted from time to time by the operating units or departments and the management on the implementation of the risk management and internal control system; (ii) discussing on a regular basis with the senior executives at management level the effectiveness of the risk management and internal control and the work of the internal audit function; (iii) assessing the scopes and quality of the work done by the management for ongoing monitoring the risk management and internal control system; (iv) reviewing the effectiveness of the internal audit function to ensure the smooth cooperation between the internal units within the Group and between the internal units and the external auditors, and also ensure that the internal audit function is allocated sufficient resources for operation within the Group and has appropriate status; and (v) making recommendation to the Board on the scope and quality of the work done by the management for ongoing monitoring the risk management and internal control system. The above risks include, but are not limited to, material environmental, social and governance risks.

Based on the above, the Audit Committee has not identified any significant issues that adversely affect the effectiveness and adequacy of the Company’s risk management and internal control system.

### AUDITOR’S REMUNERATION

For the year ended 31 December 2025, Ernst & Young, as engaged by the Company, provide audit-related services only, and did not provide any non-audit services. The total remuneration paid or payable to Ernst & Young and auditors of the statutory financial statements by the Company amounted to RMB3,450,000 for the year ended 31 December 2025.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### COMPANY SECRETARY

Mr. Huang Mingqiang (“**Mr. Huang**”) was appointed as a joint company secretary and secretary of the Board of Directors on 1 August 2022.

The other joint company secretary of the Company is Ms. Au Ching (“**Ms. Au**”). Ms. Au, an assistant manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate service provider), is responsible for advising the Board on corporate governance matters and ensuring compliance with the policies and procedures of the Board, as well as applicable laws, rules and regulations. Mr. Huang is the primary contact person of Ms. Au at the Company.

Each of Mr. Huang and Ms. Au have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Reporting Period.

### SHAREHOLDERS’ RIGHTS

To safeguard Shareholders’ interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

### CONVENING OF EXTRAORDINARY GENERAL MEETINGS AND PUTTING FORWARD PROPOSALS

#### (i) Procedures for convening an EGM:

In accordance with the Articles of Association, an EGM shall be convened on the requisition of the Shareholder(s) who individually or jointly hold(s) ten percent or more of the issued and outstanding voting Shares. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

#### (ii) Procedures for shareholders to propose a person for election as a director:

In accordance with the Articles of Association, the Directors shall be elected at the Shareholders’ meeting from candidates nominated by the Board of Directors or by Shareholders representing more than three percent (including three percent) of the Shares issued. A written notice of the intention to nominate candidates for the directorship and of their stated willingness to accept the nomination shall be sent to the Company seven days before the Shareholders’ meeting is held. The minimum length of period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be no less than 7 days, which shall commence on the date following the date of the notice of the Shareholders’ meeting.

#### (iii) Enquiries to the Board:

Shareholders who intend to put forward their enquiries about the Company to the Board could e-mail their enquiries to the Company at [zhengquanshiwu@dixintong.com](mailto:zhengquanshiwu@dixintong.com).

### SHAREHOLDERS COMMUNICATION POLICY AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and promoting their understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of its information, which will enable Shareholders and investors to make informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders, and the Company maintains a website at [www.dixintong.com](http://www.dixintong.com), where up-to-date information on the Company's business operation and development, financial data, corporate governance practices and other information are available for public access.

The annual general meeting of the Company provides an opportunity for the Shareholders to communicate directly with the Directors. The Company's chairman and the chairman of each Board Committee will attend the annual general meeting to answer enquiries from the Shareholders. The external auditor will also attend the annual general meeting to answer questions about the conduct of audit, the preparation and contents of the auditor's report, the accounting policies and auditor's independence. When the Company is to convene the Shareholders' meeting, Shareholder(s) who individually or jointly hold(s) three percent or more of the Shares carrying voting rights shall have the right to put forward new proposals in writing to the Company. The Company shall include matters falling within the scope of responsibilities of the Shareholders' meeting into the agenda of such meeting.

For the avoidance of doubt, Shareholders shall submit a duly signed written request, notice or declaration or enquiry, as the case may be, to the email address at [zhengquanshiwu@dixintong.com](mailto:zhengquanshiwu@dixintong.com), and provide full name, contact details and proof of identity for their validity. Shareholders' information may be disclosed as required by law. The Company generally does not accept oral or anonymous enquiries.

During the Reporting Period, the Board of Directors has reviewed the implementation and effectiveness of the Company's shareholders communication policy. The Company considers the current shareholders communication policy to be effective as the Company communicated well with the Shareholders during the Reporting Period .

### DIVIDEND POLICY

The Company has adopted a dividend policy to distribute dividends. The Company does not have any predetermined dividend payout ratio. Depending on the financial position of the Group and the conditions and factors set out in the dividend policy, the Board of Directors may propose and/or declare a dividend in a financial year, in which any final dividend is subject to Shareholders' approval. Details are disclosed on pages 26 to 27 of this annual report.

Taking into account the dividend policy of the Company summarised above, the Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

### CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period, in accordance with the Company Law, the Guidelines to the Articles of Association of Listed Companies, the Rules for Shareholders' Meetings of Listed Companies and other relevant provisions revised by the China Securities Regulatory Commission, as well as the Consultation Conclusions on Proposals to Further Expand the Paperless Listing Regime and Other Rule Amendments published by the Stock Exchange in January 2025, at the EGM held on 21 October 2025, the Company approved the resolutions on the amendments to the Articles of Association, the Rules of Procedures for the General Meetings and the Rules of Procedures for the Board of Directors. With effect from the conclusion of the EGM held on 21 October 2025, the Board of Supervisors was abolished, and the Rules of Procedures for the Board of Supervisors were abolished accordingly. For details, please refer to the announcements of the Company dated 27 August 2025 and 21 October 2025, the circular of the Company dated 29 September 2025, and the updated Articles of Association, the Rules of Procedures for the General Meetings and the Rules of Procedures for the Board of Directors as disclosed on the websites of the Stock Exchange and the Company on 21 October 2025.

Save as disclosed above, there was no change to the Articles of Association during the Reporting Period.

# INDEPENDENT AUDITOR'S REPORT



**To the shareholders of Beijing Digital Telecom Co., Ltd.**  
(Incorporated in the People's Republic of China with limited liability)

## OPINION

We have audited the consolidated financial statements of Beijing Digital Telecom Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) set out on pages 86 to 176, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB1.47 billion during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities of RMB1.46 billion and net liabilities of RMB1.37 billion. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## KEY AUDIT MATTERS

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

## INDEPENDENT AUDITOR’S REPORT (Continued)

To the shareholders of Beijing Digital Telecom Co., Ltd.  
(Incorporated in the People’s Republic of China with limited liability)

### KEY AUDIT MATTERS (Continued)

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

#### Key audit matter

#### How our audit addressed the key audit matter

##### Revenue

##### – Sales of mobile telecommunications devices and accessories

The Group is principally engaged in the sales of mobile telecommunications devices and accessories.

There is a risk inherent in revenue based on the fact that the Group’s revenue primarily derived from a chain of self-operated retail stores, franchised retail stores, and distribution business.

For the year ended 31 December 2025, the Group recorded revenue from operations of RMB16.54 billion in the consolidated financial statements, which mainly included revenue from the sales of mobile telecommunications devices and accessories of RMB15.10 billion, which was significant in our audit of the consolidated financial statements for the current year.

Related disclosures are included in note 4, and note 7 to the consolidated financial statements.

The principal audit procedures performed in relation to the revenue in our audit mainly included:

Reviewing and assessing the Group’s revenue recognition policy across various sales channels, based on review of customer contracts;

Obtaining an understanding of the transaction process of revenue recognition and tested the relevant controls relating to the process to substantiate our reliance of internal controls for revenue recognition;

Performing analytical procedures on the Group’s revenue by different channels, by major category of products and by month to identify and investigate transactions of higher risks of misstatements;

Performing revenue cut-off procedures as well as tests of details across various sales channels, on a sampling basis, as part of our substantive audit procedures; and

Assessing the adequacy of the Group’s relevant disclosures in the consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT (Continued)

To the shareholders of Beijing Digital Telecom Co., Ltd.  
(Incorporated in the People's Republic of China with limited liability)

### KEY AUDIT MATTERS (Continued)

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Recoverability of trade receivables and other receivables*

As at 31 December 2025, the Group had trade receivables and other receivables of approximately RMB2.73 billion and RMB1.54 billion, respectively, and impairment allowance of trade receivables and other receivables of approximately RMB1.85 billion and RMB1.12 billion, respectively. Provision was made for lifetime expected credit losses ("ECL") on trade receivables and other receivables for either a 12-month ECL or a lifetime ECL.

Since impairment assessment involves judgements and assumptions, and in view of the significance of the amounts, impairment of trade receivables and other receivables is considered as a key audit matter.

Related disclosures are included in note 5, note 23 and note 24 to the consolidated financial statements.

The audit procedures performed in relation to the recoverability of trade receivables and other receivables in our audit mainly included:

Obtaining an understanding of the credit control procedures performed by management, including the procedures on periodic review of aged receivables and assessment on the ECL allowance of receivables;

Testing on a sample basis, the accuracy of the ageing profile of trade receivables by checking to the underlying sales invoices, sales contract and bank slips, and testing on a sample basis, the accuracy of the ageing profile of other receivables by checking to the underlying contracts and bank slips;

Assessing the adequacy of the impairment allowance made with reference to the credit history of customers which were adjusted for forward-looking factors specific to the debtors, the economic environment, the realisable value of collateral and other credit enhancements and settlement records including default or delay in payments after the end of the reporting period;

For collaterals and other credit enhancements, reviewing the valuation reports issued by independent professional valuers engaged by management, examining the key assumptions and estimations used in the valuation; and

Assessing the adequacy of the related disclosures in the notes to the consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

**To the shareholders of Beijing Digital Telecom Co., Ltd.**  
*(Incorporated in the People's Republic of China with limited liability)*

### **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS 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 IFRS Accounting Standards as issued by the IASB 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made 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.

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

**To the shareholders of Beijing Digital Telecom Co., Ltd.**  
*(Incorporated in the People's Republic of China with limited liability)*

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

**To the shareholders of Beijing Digital Telecom Co., Ltd.**

*(Incorporated in the People's Republic of China with limited liability)*

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence (practising certificate number: P04202).

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

31 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	7	<b>16,544,002</b>	18,016,358
Cost of sales		<b>(16,080,235)</b>	(17,345,447)
Gross profit		<b>463,767</b>	670,911
Other income and gains	7	<b>76,374</b>	132,805
Selling and distribution expenses		<b>(401,281)</b>	(411,209)
Administrative expenses		<b>(182,983)</b>	(184,919)
Impairment losses on financial assets		<b>(1,160,695)</b>	(1,415,066)
Other expenses		<b>(37,584)</b>	(25,820)
Finance costs	9	<b>(209,951)</b>	(173,908)
Share of profits/(losses) of:			
Joint ventures		<b>4,422</b>	1,739
Associates		<b>(3,347)</b>	1,284
<b>(LOSS) BEFORE TAX</b>	8	<b>(1,451,278)</b>	(1,404,183)
Income tax (expenses)	12	<b>(16,822)</b>	(2,031)
<b>(LOSS) FOR THE YEAR</b>		<b>(1,468,100)</b>	(1,406,214)
Attributable to:			
Owners of the parent		<b>(1,439,555)</b>	(1,374,142)
Non-controlling interests		<b>(28,545)</b>	(32,072)
		<b>(1,468,100)</b>	(1,406,214)
<b>(LOSS) PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
– Basic and diluted (RMB)			
For (loss) for the year	14	<b>(1.62)</b>	(1.55)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>(LOSS) FOR THE YEAR</b>	<b>(1,468,100)</b>	<b>(1,406,214)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	–	(6)
Share of other comprehensive income/(loss) of joint ventures	<b>1,383</b>	<b>(4,343)</b>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<b>1,383</b>	<b>(4,349)</b>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<b>1,819</b>	<b>2,218</b>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<b>1,819</b>	<b>2,218</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b>3,202</b>	<b>(2,131)</b>
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR</b>	<b>(1,464,898)</b>	<b>(1,408,345)</b>
Attributable to:		
Owners of the parent	<b>(1,436,353)</b>	<b>(1,376,273)</b>
Non-controlling interests	<b>(28,545)</b>	<b>(32,072)</b>
	<b>(1,464,898)</b>	<b>(1,408,345)</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	41,728	46,987
Right-of-use assets	16	160,633	194,829
Other intangible assets	17	1,373	1,857
Investments in joint ventures	18	34,980	29,174
Investments in associates	19	35,301	38,647
Equity investments designated at fair value through other comprehensive income	20	25,383	22,957
Total non-current assets		299,398	334,451
<b>CURRENT ASSETS</b>			
Inventories	22	481,179	386,526
Trade and bills receivables	23	940,748	2,353,252
Prepayments, other receivables and other assets	24	1,424,136	1,672,476
Financial assets at fair value through profit or loss	25	21,000	204,466
Pledged deposits	26	2,349,454	2,135,073
Cash and cash equivalents	26	1,844,225	3,309,731
Total current assets		7,060,742	10,061,524
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	28	210,416	927,001
Other payables and accruals	29	1,220,498	725,488
Interest-bearing bank and other borrowings	30	6,988,469	8,353,093
Lease liabilities	16	66,161	95,162
Tax payable		32,250	26,718
Total current liabilities		8,517,794	10,127,462
<b>NET CURRENT LIABILITIES</b>		<b>(1,457,052)</b>	<b>(65,938)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(1,157,654)</b>	<b>268,513</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	30	124,800	72,800
Deferred tax liabilities	21	1,403	842
Lease liabilities	16	90,593	103,613
Total non-current liabilities		216,796	177,255
<b>NET (LIABILITIES)/ASSETS</b>		<b>(1,374,450)</b>	91,258
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	31	886,460	886,460
Reserves	32	(3,642,851)	(2,206,498)
Non-controlling interests		(2,756,391)	(1,320,038)
<b>TOTAL EQUITY</b>		<b>(1,374,450)</b>	91,258

**Xu Jili**  
Director

**Liu Donghai**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent									Total equity RMB'000
	Share capital RMB'000 (Note 31)	Capital reserve RMB'000 (Note 32)	Share-based payment reserve RMB'000	Statutory reserve funds RMB'000 (Note 32)	Accumulated losses RMB'000	Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 31 December 2023	886,460	750,806	25,295	313,765	(1,849,637)	(38,707)	(17,370)	70,612	(26,632)	43,980
Loss for the year	–	–	–	–	(1,374,142)	–	–	(1,374,142)	(32,072)	(1,406,214)
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(6)	(6)	–	(6)
Share of other comprehensive loss of joint ventures	–	–	–	–	–	–	(4,343)	(4,343)	–	(4,343)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	2,218	–	2,218	–	2,218
Total comprehensive loss for the year	–	–	–	–	(1,374,142)	2,218	(4,349)	(1,376,273)	(32,072)	(1,408,345)
Disposal of subsidiaries	–	(14,377)	–	–	–	–	–	(14,377)	–	(14,377)
Paid in from non controlling interests	–	–	–	–	–	–	–	–	1,470,000	1,470,000
At 31 December 2024	886,460	736,429	25,295	313,765	(3,223,779)	(36,489)	(21,719)	(1,320,038)	1,411,296	91,258



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Year ended 31 December 2025

	Attributable to owners of the parent									Total equity RMB'000
	Share capital RMB'000 (Note 31)	Capital reserve RMB'000 (Note 32)	Share-base payment reserve RMB'000	Statutory reserve funds RMB'000 (Note 32)	Accumulated losses RMB'000	Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 31 December 2024	886,460	736,429	25,295	313,765	(3,223,779)	(36,489)	(21,719)	(1,320,038)	1,411,296	91,258
Loss for the year	-	-	-	-	(1,439,555)	-	-	(1,439,555)	(28,545)	(1,468,100)
Other comprehensive loss for the year:										
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	1,383	1,383	-	1,383
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	1,819	-	1,819	-	1,819
Total comprehensive loss for the year	-	-	-	-	(1,439,555)	1,819	1,383	(1,436,353)	(28,545)	(1,464,898)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(810)	(810)
Transfer from retained earnings	-	-	-	43,224	(43,224)	-	-	-	-	-
At 31 December 2025	886,460	736,429	25,295	356,989	(4,706,558)	(34,670)	(20,336)	(2,756,391)	1,381,941	(1,374,450)

\* These reserve accounts comprise the consolidated reserves of RMB(3,642,851,000) (2024: RMB(2,206,498,000)) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) before tax		(1,451,278)	(1,404,183)
Adjustments for:			
Finance costs	9	209,951	173,908
Interest income		(2,183)	(1,109)
Share of profits and losses of joint ventures		(4,422)	(1,739)
Share of profits and losses of associates		3,347	(1,284)
Impairment of trade receivables	8	856,479	739,159
Impairment of deposits and other receivables	8	304,216	675,907
Impairment and write-down of inventories	8	5,187	1,681
Fair value gain on financial assets at fair value through profit or loss	7	–	(1,918)
Depreciation of property, plant and equipment	8	20,991	19,724
Depreciation of right-of-use assets	8	112,363	123,250
Amortisation of intangible assets	8	693	513
Loss on disposal of items of property, plant and equipment	8	179	948
Loss/(gain) on disposal of a subsidiary	8	9,401	(12,930)
Foreign exchange gain, net		–	(3,146)
		<b>64,924</b>	<b>308,781</b>
Decrease/(increase) in trade and bills receivables		<b>556,022</b>	(662,354)
Decrease/(increase) in prepayments, deposits and other receivables		<b>155,834</b>	(70,256)
(Increase)/decrease in pledged deposits		<b>(2,269)</b>	25,599
Increase in inventories		<b>(99,840)</b>	(56,723)
(Decrease)/increase in trade and bills payables		<b>(716,585)</b>	513,523
Increase/(decrease) in other payables and accruals		<b>59,335</b>	(79,322)
Increase/(decrease) in contact liabilities		<b>229,010</b>	(108,077)
Cash generated from/(used in) operations		<b>246,431</b>	(128,829)
Income tax paid		<b>(10,225)</b>	(3,539)
Net cash flows generated from/(used in) operating activities		<b>236,206</b>	(132,368)

## CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received from an associate		–	701
Purchases of items of property, plant and equipment		(24,059)	(21,234)
Proceeds from disposal of items of property, plant and equipment		278	–
Interest received		2,183	1,109
Sale of financial products, net		183,466	243,969
Purchases of items of other intangible assets		(209)	(977)
		<hr/>	<hr/>
Net cash flows generated from investing activities		161,659	223,568
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans		7,926,560	13,542,336
Increase in pledged deposits		(240,443)	(357,165)
Repayment of bank loans		(9,239,184)	(11,837,889)
Principal portion of lease payments	16	(125,947)	(124,979)
Interest paid		(184,357)	(191,038)
Paid in from non-controlling interests		–	1,470,000
		<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities		(1,863,371)	2,501,265
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(1,465,506)	2,592,465
Cash and cash equivalents at beginning of year		3,309,731	717,266
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		1,844,225	3,309,731
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		1,844,225	3,309,731
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION</b>		1,844,225	3,309,731
		<hr/>	<hr/>

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China (the "PRC"). The registered office of the Company is located at Room 24603, 46th Floor, 4 to 45th Floor 101, Building 1, No. 20 Courtyard, Lize Road, Fengtai District, Beijing, China.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the sale of mobile telecommunications devices and accessories, and the provision of related services.

In the opinion of the directors of the Company (the "Directors"), before Zhuhai Huafa Technology Industry Group Co., Ltd. (formerly known as Zhuhai Huafa Industrial Investment Holding Co., Ltd.) and Hong Kong Huafa Investment Holdings Limited (collectively referred to as "Huafa Group") became the controlling shareholders of the Company (the "New Controlling Shareholders", or the "Controlling Shareholders"), the former controlling shareholders of the Company (the "Former Controlling Shareholders") were Mr. Liu Donghai, Mr. Liu Songshan, Ms. Liu Hua, Ms. Liu Wencui, Ms. Liu Yongmei and Ms. Liu Wenli, who are siblings (the "Liu Family"). Huafa Group acquired 67.77% of the Company's equity interests from the Liu Family and other minority shareholders in 2021, and under a concert party agreement with the Liu Family, controlled a total voting rights of 90.76% of the Company.

The Company completed the issuances of H shares to two independent subscribers in December 2023, therefore the percentage of issued shares of the Company held by the Controlling Shareholders has been diluted and the public float has been increased.

As at 31 December 2025, Huafa Group held approximately 56.00% of the Company's equity interest in total, and together with a concert party agreement entered into between Zhuhai Huafa Technology Industry Group Co., Ltd., Digital Science & Technology Group Limited and Mr. Liu Donghai on 8 April 2024, jointly controlled approximately 74.99% of the total voting right of the Company.

### Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of the principal subsidiaries	Registered share capital	Percentage of equity attributable to the Company		Principal activities	Principal country of operation
		Direct %	Indirect %		
Shenyang Tonglian Sihai Electronic Communication Technology Co., Ltd. 瀋陽通聯四海電子通信技術有限公司	RMB50,000,000	100	—	(1)	China
Beijing Dixin Haotian Commerce&Trade Co., Ltd. 北京啟禾昊天商貿有限公司	RMB10,000,000	100	—	(1)	China

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (Continued)

#### Information about subsidiaries (Continued)

Name of the principal subsidiaries	Registered share capital	Percentage of equity attributable to the Company		Principal activities	Principal country of operation
		Direct %	Indirect %		
Beijing Dixintong Technology Industry Development Co., Ltd. 北京迪信通科技產業發展有限公司	RMB30,000,000	100	–	(1)	China
Beijing Digitone Telecom Technology Co., Ltd. 北京迪信通電子通信技術有限公司	RMB10,000,000	100	–	(1)	China
Tianjin Digitone Electronic Communication Technology Co., Ltd. 天津迪信通電子通信技術有限公司	RMB30,000,000	100	–	(1)	China
Hebei Dixin Electronic Communication Equipment Co., Ltd. 河北迪信電子通信設備有限公司	RMB3,000,000	100	–	(1)	China
Beijing Dixintong Fengze Electronic Equipment Co., Ltd. 北京迪信通豐澤電子設備有限公司	RMB40,000,000	–	100	(2)	China
Beijing Tailongji Trade Co., Ltd. 北京市泰龍吉貿易有限公司	RMB200,000,000	100	–	(1)	China
Shanxi Dixintong Trading Co., Ltd. 山西迪信通商貿有限公司	RMB40,000,000	–	100	(1) & (3)	China
Hefei Dixintong Communication Technology Co., Ltd. 合肥迪信通通信技術有限公司	RMB10,000,000	100	–	(1)	China
Ningbo Haishu Dixintong Electronics Communication Technology Co., Ltd. 浙江迪信通商貿有限公司	RMB10,000,000	100	–	(1)	China

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (Continued)

#### Information about subsidiaries (Continued)

Name of the principal subsidiaries	Registered share capital	Percentage of equity attributable to the Company		Principal activities	Principal country of operation
		Direct %	Indirect %		
Shanghai Dixin Electronic Communication Technology Co., Ltd. 上海迪信電子通信技術有限公司	RMB20,000,000	100	–	(1) & (3)	China
Shanghai Chuanda Communication Technology Co., Ltd. 上海川達通信技術有限公司	RMB10,000,000	100	–	(1)	China
Shanghai Dixin South Communications Technology Co., Ltd. 上海迪信南方通信技術有限公司	RMB20,000,000	100	–	(1)	China
Jinan Dixin Electronic Communication Technology Co., Ltd. 濟南迪信電子通信技術有限公司	RMB10,500,000	100	–	(1)	China
Qingdao Dixintong Communication Technology Co., Ltd. 青島迪信通通信技術有限公司	RMB5,000,000	–	100	(1)	China
Wenzhou Dixintong Electronic Communication Technology Co., Ltd. 溫州迪信通電子通信技術有限公司	RMB2,000,000	100	–	(1)	China
Nanjing Yijialong Communication Technology Co., Ltd. 南京億家隆通信技術有限公司	RMB10,000,000	–	100	(1)	China
Jiangxi Dixintong Technology Co., Ltd. 江西迪信通科技有限公司	RMB5,000,000	100	–	(1)	China

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (Continued)

#### Information about subsidiaries (Continued)

Name of the principal subsidiaries	Registered share capital	Percentage of equity attributable to the Company		Principal activities	Principal country of operation
		Direct %	Indirect %		
Zhejiang Dixintong Supply Chain Co., Ltd. 浙江迪信通供應鏈有限公司	RMB10,000,000	100	–	(1)	China
Guangxi Dixintong Electronic Communication Technology Co., Ltd. 廣西迪信通電子通信技術有限公司	RMB15,000,000	100	–	(1)	China
Guangdong Dixintong Trading Co., Ltd. 廣東迪信通商貿有限公司	RMB10,000,000	100	–	(1)	China
Changsha Dixintong Electronic Technology Information Co., Ltd. 長沙迪信通電子科技信息有限公司	RMB30,000,000	100	–	(1)	China
Hunan Zhongxuntong Electronic Technology Co., Ltd. 湖南中訊通電子科技有限公司	RMB5,000,000	100	–	(1) & (3)	China
Wuhan Yitongda Communication Equipment Co., Ltd. 武漢易通達通訊器材有限公司	RMB5,000,000	100	–	(1)	China
Henan Dixintong Trading Co., Ltd. 河南迪信通商貿有限公司	RMB10,000,000	60	–	(1) & (3)	China
Sichuan Yijialong Communication Chain Co., Ltd. 四川億佳隆通訊連鎖有限公司	RMB5,000,000	90	10	(1)	China
Yunnan Dixintong Electronic Communication Technology Co., Ltd. 雲南迪信通電子通信技術有限公司	RMB20,000,000	100	–	(1) & (3)	China

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (Continued)

#### Information about subsidiaries (Continued)

Name of the principal subsidiaries	Registered share capital	Percentage of equity attributable to the Company		Principal activities	Principal country of operation
		Direct %	Indirect %		
Fujian Dixin Electronic Communication Technology Co., Ltd. 福建迪信電子通信技術有限公司	RMB5,000,000	–	100	(1)	China
Jiangxi Chuangfa Trading Co., Ltd. 江西創發商貿有限責任公司	RMB5,000,000	–	60	(1)	China
Jiangsu Difeng Communication Technology Co., Ltd. 江蘇迪豐通信技術有限公司	RMB10,000,000	90	10	(1) & (3)	China
Beijing Dixin Trading Co., Ltd. 北京迪信商貿有限責任公司	RMB300,000,000	100	–	(1)	China
Ningbo High tech Zone Shunjixin Technology Co., Ltd. 寧波高新區順吉信科技有限 公司	RMB60,000,000	100	–	(1)	China
Shenyang Dichuang Enterprise Management Co., Ltd. 瀋陽迪創企業管理有限公司	RMB5,000,000	–	100	(1)	China
Guang'andi Xintong Financial Management Co., Ltd. 廣安迪信通財務管理有限公司	RMB5,000,000	–	100	(1)	China
Henan Time Space Electronic Technology Co., Ltd. 河南時間空間電子科技有限 公司	RMB5,000,000	–	60	(1)	China
Henan Dixintong Electronic Communication Technology Co., Ltd. 河南迪信通電子通信技術有限 公司	RMB20,000,000	100	–	(2)	China

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (Continued)

#### Information about subsidiaries (Continued)

Name of the principal subsidiaries	Registered share capital	Percentage of equity attributable to the Company		Principal activities	Principal country of operation
		Direct %	Indirect %		
Xi'an Dixintong Electronic Communication Technology Co., Ltd. 西安迪信通電子通訊技術有限公司	RMB100,000,000	–	100	(1)	China
Sanhe Dixintong Communication Equipment Sales Co., Ltd. 三河市迪信通通訊設備銷售有限公司	RMB1,000,000	–	100	(2)	China
Chongqing Dixintong Intelligent Technology Co., Ltd. 重慶迪信通智能技術有限公司	RMB100,000	100	–	(1)	China
Moji (Hangzhou) Network Technology Co., Ltd. 摩機(杭州)網絡科技有限 公司	RMB10,000,000	51	–	(1)	China
Jinan Saimi Electronics Co., Ltd. 濟南賽米電子有限公司	RMB1,000,000	–	100	(1)	China
Beijing Derong Consulting Services Co., Ltd. 北京迪融諮詢服務有限公司	RMB50,000,000	51	–	(1)	China
Zhuhai Dixintong Trading Co., Ltd. 珠海迪信通科技有限 公司	RMB600,000,000	100	–	(1) & (3)	China
Fuyang Fadi New Energy Technology Development Co., Ltd. 阜陽市發迪新能源技術開發 有限責任公司	RMB10,000,000	–	100	(1) & (3)	China

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (Continued)

#### Information about subsidiaries (Continued)

Name of the principal subsidiaries	Registered share capital	Percentage of equity attributable to the Company		Principal activities	Principal country of operation
		Direct %	Indirect %		
Hubei Wanaoze New Energy Co., Ltd. 湖北萬奧澤新能源有限公司	RMB5,000,000	–	100	(1) & (3)	China
Hubei Huadi New Energy Co., Ltd. 湖北省華迪新能源有限公司	RMB5,000,000	–	100	(1) & (3)	China
Zhuhai Dixintong Green Technology Co., Ltd. 珠海迪信通綠色科技有限公司	RMB3,000,000,000	51	–	(1)	China
Wenzhou Yasheng Communication Equipment Co., Ltd. 溫州亞盛通信器材有限公司	RMB1,000,000	–	100	(1)	China

Notes:

(1) Sale of mobile telecommunications devices and accessories and provision of related services

(2) Online sale of mobile telecommunications devices and accessories

(3) Sales of photovoltaic equipment

\* The English translations of names are for identification purposes only. The companies were registered as domestic companies with limited liability under the laws of the PRC.

\* A total of six subsidiaries including Urumqi Dixin Chuangfa Communication Technology Co., Ltd. and Khorgos Zhonglian International Trade Co., Ltd. were disposed of or deregistration during the year, resulting in a loss on disposal of subsidiaries amounted to RMB9,401,000.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

31 December 2025

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) as issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products and equity investments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Going concern

During the year ended 31 December 2025, the Group incurred a net loss of RMB1.47 billion and, as of 31 December 2025, the Group had net current liabilities of RMB1.46 billion and net liabilities of RMB1.37 billion.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

In view of the above circumstances, a cash flow projection has been prepared by the management, and the Directors have given careful consideration to the Group’s future liquidity requirements, operating performance and available sources of financing in assessing the Group’s ability to operate as a going concern.

The following plans and measures have been implemented or are in the process of implementing to effectively manage the Group’s working capital and enhance its financial position:

- a) The Group has obtained a revolving credit facility of RMB5 billion granted by Zhuhai Huafa Group Finance Co., Ltd., a subsidiary of Zhuhai Huafa Group Company Limited, of which RMB2.4 billion was unutilised as at 31 December 2025; as well as a financial support letter provided by Zhuhai Huafa Group Finance Co., Ltd., which undertakes to provide continuing financial support to the Group to enable it to meet its liabilities as and when they fall due, for at least the next twelve months from 31 December 2025. The maturity date of the revolving credit facility is 20 November 2026, and it is expected to be renewed upon expiration;
- b) The Group has obtained a maximum guarantee of RMB5 billion granted by Zhuhai Huafa Group Company Limited with a maturity date of September 2027. Under this maximum guarantee, Zhuhai Huafa Group Company Limited provides general guarantees to facilitate the Group to obtain credit facilities from third-party commercial banks; the Group also obtained a financial support letter provided by Zhuhai Huafa Group Company Limited, in addition to the letter from Zhuhai Huafa Group Finance Co., Ltd. as set out in (a) above, which undertakes to provide continuing financial support to the Group to enable it to meet its liabilities as and when they fall due, for at least the next twelve months from 31 December 2025;
- c) Subsequent to the balance sheet date and up to this report date, except for the current borrowings of about RMB2 billion obtained as planned, the Group had also obtained long term bank borrowings of RMB144 million from third party commercial banks, with maturity dates ranging from June 2027 to January 2029;
- d) The Group is undertaking on going negotiation for renewal of existing banking facilities and external financing, including but not limited to, obtaining further banking facilities; and

## 2.1 BASIS OF PREPARATION (Continued)

### Going concern (Continued)

- e) The Group remains committed to improve operating cash flows in the near future by implementing various strategies to improve the Group's income from sale of goods and rendering services and putting extra efforts on the collection of outstanding trade receivables and other receivables; as well as considering potential downside risk factors, analyzing working capital sensitivities and identifying mitigating actions that could be taken to further reduce cash expenditure and meet operating cashflows.

In respect of the financial support from Zhuhai Huafa Group Company Limited and Zhuhai Huafa Group Finance Co., Ltd. as disclosed above, the Directors are of the view that they possess the necessary financial capacity to fulfil the funding needs of the Group as and when necessary, taking into account in particular that (i) the background of Zhuhai Huafa Group Company Limited as a state-owned conglomerate based in Zhuhai, principally engaged in four core business sectors of urban operations, real estate development, financial industry and industrial investment, as well as commerce and trade services and modern services; (ii) Zhuhai Huafa Group Finance Co., Ltd. is a subsidiary of Zhuhai Huafa Group Company Limited and a non-bank financial institution regulated by the National Financial Regulatory Administration; and (iii) their respective sound financial performance and conditions.

The Directors have reviewed the Group's cashflow projection prepared by the management, and they are of the opinion that, after taking into account the measures implemented or being implemented, the Group will have sufficient working capital to finance its operation and to meet its financial obligations for at least the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the Directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

Whether the Group will be able to generate adequate cashflows to continue as a going concern would depend on the successful outcome of the above measures.

Should the above measures cannot be successfully implemented, the Group may be unable to continue as a going concern, in which case, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

31 December 2025

### 2.1 BASIS OF PREPARATION *(Continued)*

#### Basis of consolidation *(Continued)*

Generally, there is a presumption that a majority of voting rights result in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 3. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>2</sup></i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

### 3. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards or IFRS Accounting Standards. *(See commentary on page (50))* IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

### 3. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to IFRS Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

### 4. MATERIAL ACCOUNTING POLICIES

#### Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Business combinations and goodwill *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

31 December 2025

### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Fair value measurement *(Continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

#### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

##### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

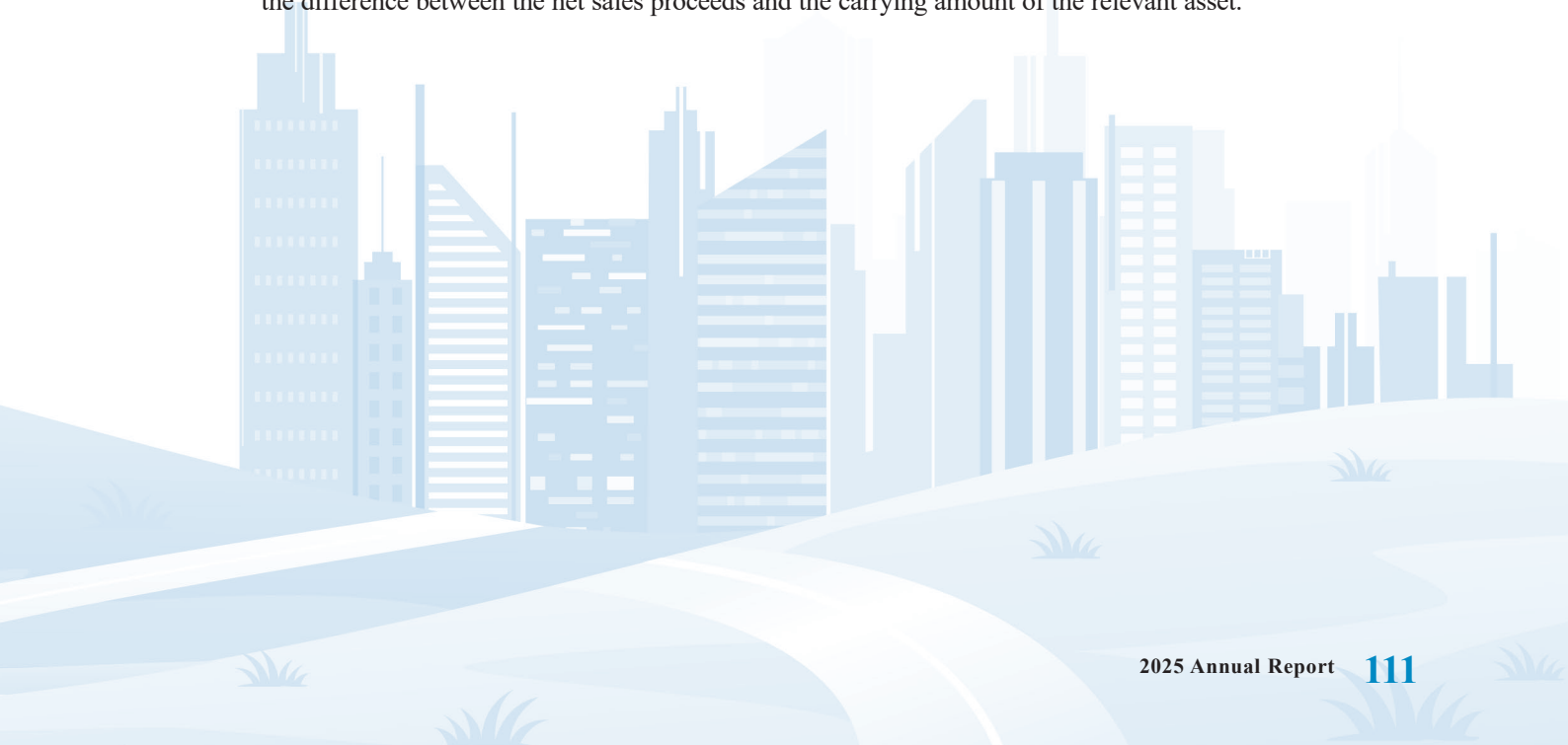
Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The annual depreciation of property, plant and equipment is as follows:

Buildings	2.5% to 5%
Leasehold improvements	Over the shorter of the lease terms and 20%
Office equipment	20% to 33 1/3%
Motor vehicles	10% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.



#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

##### Software copyrights

Purchased software copyrights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of two to six years.

##### Distribution network

Distribution network is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

##### Leases

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

##### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1 to 20 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

##### Leases *(Continued)*

##### *Group as a lessee (Continued)*

##### **(b) Lease liabilities**

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### **(c) Short-term leases**

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Investments and other financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

###### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

###### **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

###### **Financial assets at fair value through other comprehensive income (debt investments)**

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Investments and other financial assets *(Continued)*

##### *Subsequent measurement (Continued)*

#### **Financial assets designated at fair value through other comprehensive income (equity investments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

31 December 2025

### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Derecognition of financial assets *(Continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Impairment of financial assets *(Continued)*

##### *General approach (Continued)*

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and other receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties and interest-bearing bank and other borrowings.

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Financial liabilities (Continued)

###### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

###### Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

###### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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 statement of profit or loss.

###### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

###### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

31 December 2025

### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Revenue recognition

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### **(a) Sale of goods**

Revenue from the sale of mobile telecommunications devices and accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of industrial products provide customers with rights of return and volume rebates, giving rise to variable consideration.

##### **(i) Rights of return**

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

#### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

##### Revenue recognition *(Continued)*

##### *Revenue from contracts with customers (Continued)*

**(a) Sale of goods *(Continued)***

**(ii) Volume rebates**

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

- (b)** Service income from mobile carriers, revenue from provision of online and offline sales and marketing services, and others. Service income is recognised over time, using an output method to measure progress towards complete satisfaction of the service according to the underlying contract terms. The output method recognises revenue based on direct measurements of the value to the mobile carriers and the online and offline sales and marketing services transferred to date relative to the remaining services promised under the contract.

##### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

##### **Contract assets**

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

##### **Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

31 December 2025

### 4. MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

#### Foreign currencies

These financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

##### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

#### Judgements *(Continued)*

##### *Significant judgement in determining the lease terms of contracts with renewal options*

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of buildings due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to three years) and there will be a significant negative effect on sales if a replacement is not readily available.

#### **Going concern consideration**

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2.1 to the consolidated financial statements.

#### Estimation uncertainty

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

##### *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

### Estimation uncertainty *(Continued)*

#### *Provision for expected credit losses on trade receivables (Continued)*

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group also assess if impairment provision is required for trade receivables and other receivables guaranteed by the Former Controlling Shareholders, taking into account collateral and other credit enhancements obtained. The Group first conducts an impairment assessment for these receivables without considering the asset backings. Then, the Group assesses the collateral and other credit enhancements and recognizes an impairment provision for the portion of the guaranteed receivable's gross carrying amount that exceeds the fair value of the collateral and other credit enhancements.

#### *Leases – estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### *Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for sale of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

#### *Net realisable value of inventories*

Net realisable value of an inventory is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature which could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of the reporting period.

## 6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments which are:

- 1) traditional based operation – mobile related: the sale of mobile telecommunications devices and accessories, and related services;
- 2) new developed operation – others: the sale of photovoltaic equipments and others.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit/loss before tax from continuing operations except interest income and finance costs.

Segment assets exclude cash and cash equivalents, pledged deposits and equity investments designated at fair value through other comprehensive income as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, loans from related parties, lease liabilities and deferred tax liabilities as these liabilities are managed on a group basis.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 6. OPERATING SEGMENT INFORMATION (Continued)

The Group's operation by business segment is as follows:

Year ended 31 December 2025

	Mobile related RMB'000	Others RMB'000	Total RMB'000
Segment revenue (note 7)			
Sales to external customers	15,865,236	678,766	16,544,002
Segment results	(1,333,512)	16,851	(1,316,661)
<i>Reconciliation:</i>			
Elimination of intersegment results			2,030
Interest income			66,794
Finance costs (other than interest on lease liabilities)			(203,441)
Loss before tax from continuing operations			(1,451,278)
Segment assets	3,121,018	72,777	3,193,795
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(52,717)
Corporate and other unallocated assets			4,219,062
Total assets			7,360,140
Segment liabilities	1,618,574	9,432	1,628,006
<i>Reconciliation:</i>			
Elimination of intersegment payables			(8,088)
Corporate and other unallocated liabilities			7,114,672
Total liabilities			8,734,590
<b>Other segment information</b>			
Capital expenditure*	23,057	75	23,132
Investments in associates	35,301	—	35,301
Investments in joint ventures	34,980	—	34,980
Provision for inventories	5,187	—	5,187
Share of profit of:			
– Joint ventures	(4,422)	—	(4,422)
– Associates	3,347	—	3,347
Depreciation and amortisation	134,012	35	134,047

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 6. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2024

	Mobile related RMB'000	Others RMB'000	Total RMB'000
Segment revenue ( <i>note 7</i> )			
Revenue from external customers	17,180,619	835,739	18,016,358
Segment results	(1,353,763)	56,647	(1,297,116)
<i>Reconciliation:</i>			
Interest income			66,841
Finance costs			(173,908)
Loss before tax			(1,404,183)
Segment assets	4,806,574	121,640	4,928,214
<i>Reconciliation:</i>			
Corporate and other unallocated assets			5,467,761
Total assets			10,395,975
Segment liabilities	1,875,863	2,119	1,877,982
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			8,426,735
Total liabilities			10,304,717
<b>Other segment information</b>			
Capital expenditure*	22,211	–	22,211
Investments in associates	38,647	–	38,647
Investments in joint ventures	29,174	–	29,174
Provision for inventories	1,681	–	1,681
Share of profit of:			
– Joint ventures	(1,739)	–	(1,739)
– Associates	(1,284)	–	(1,284)
Depreciation and amortisation	143,469	18	143,487

\* Capital expenditure consists of additions to property, plant and equipment, other intangible assets.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 6. OPERATING SEGMENT INFORMATION (Continued)

#### Information about major customers

Revenue from continuing operations of approximately RMB2.88 billion was derived from sales by the mobile related segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

#### Geographical information

The Group mainly operates in the Chinese mainland, and the geographical segment information as required by IFRS 8 Operating Segments is presented as follows:

(a) *Revenue from external customers*

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Chinese mainland	<b>16,544,002</b>	18,016,358

The revenue information of continuing operations above is based on the locations of the customers.

(b) *Non-current assets*

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Chinese mainland	<b>274,015</b>	311,494

The non-current asset information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 7. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Revenue from contracts with customers</b>		
Sales of mobile telecommunications devices and accessories	15,104,850	16,022,592
Including:		
Retail	3,834,504	4,517,043
Sales to franchisees	235,724	453,157
Wholesale of mobile telecommunications devices and accessories	11,034,622	11,052,392
Wholesale of other goods	279,865	420,927
Sales of photovoltaic equipment	672,643	792,141
Sales of vehicles	–	43,598
Service income from mobile carriers	205,791	208,784
Revenue from provision of online and offline sales and marketing services*	59,923	236,345
Other service fee income	213,773	280,937
Subtotal	16,536,845	18,005,324
<b>Revenue from other sources</b>		
Rental income	7,157	11,034
Total	16,544,002	18,016,358

\* The Group generated revenue for providing services to Zhuhai Huafa Group Company Limited and its subsidiaries (collectively referred to as “Zhuhai Huafa Group”) during the year. Further details of the related party transactions are set out in note 36.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 7. REVENUE, OTHER INCOME AND GAINS (Continued)

#### Disaggregated revenue information

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Geographical markets</b>		
Chinese mainland	16,536,845	18,005,324
Total revenue from contracts with customers	16,536,845	18,005,324
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	16,057,358	17,279,258
Services transferred over time	479,487	726,066
Total revenue from contracts with customers	16,536,845	18,005,324

Revenue recognised that was included in contract liabilities at the beginning of the year:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Sale of goods	216,298	333,437
Service income	37,301	28,239
Total	253,599	361,676

Information about the Group's performance obligations is summarised below:

#### *Sale of goods*

The performance obligation is satisfied upon customer acceptance of the goods and payment is generally due within three months from delivery.

#### *Sale of services*

The performance obligation is satisfied over time as services are completed and payment is generally due within three months after completion and customer acceptance.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 7. REVENUE, OTHER INCOME AND GAINS (Continued)

#### Disaggregated revenue information (Continued)

##### Sale of services (Continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000

Amounts expected to be recognised as revenue:

Within one year 482,609 253,599

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000

#### Other income

Interest income	66,794	66,841
Government grants	2,861	5,890
Others	6,719	42,080

Total other income 76,374 114,811

#### Gains

Fair value gain on financial assets at fair value through profit or loss	–	1,918
Gain on disposal of subsidiaries	–	12,930
Gain on foreign exchange	–	3,146

Total gains – 17,994

Total other income and gains 76,374 132,805

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 8. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of inventories sold and services provided	16,080,235	17,345,447
Depreciation of property, plant and equipment (note 15)	20,991	19,724
Depreciation of right-of-use assets (note 16)	112,363	123,250
Amortisation of intangible assets (note 17)	693	513
Lease payments not included in the measurement of lease liabilities	16,124	10,623
Interest on lease liabilities (note 16)	6,510	8,462
Auditors' remuneration	3,450	3,450
Employee benefit expense (including Directors' remuneration as set out in note 10):		
Wages and salaries	252,866	254,222
Pension scheme contributions	29,963	30,864
<b>Total</b>	<b>282,829</b>	<b>285,086</b>
Impairment of financial assets:		
Impairment of trade receivables (note 23)	856,479	739,159
Impairment of financial assets included in prepayments, deposits and other receivables	304,216	675,907
	<b>1,160,695</b>	<b>1,415,066</b>
Impairment of inventories (note 22)	5,187	1,681
Loss/(gain) on disposal of subsidiaries	9,401	(12,930)
Loss on disposal of items of property, plant and equipment	179	948
Fair value gain on financial assets at fair value through profit or loss	–	(1,918)
<b>Total</b>	<b>14,767</b>	<b>(12,219)</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 9. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest on bank loans and other borrowings	203,441	165,446
Interest on lease liabilities	6,510	8,462
Total	209,951	173,908

### 10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Remuneration:		
Salaries, allowances and benefits in kind	2,638	2,893
Pension scheme contributions	185	62
Total	2,823	2,955

#### (a) Independent non-executive Directors

The fees paid to independent non-executive Directors were as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Mr. Lv Tingjie	78	78
Mr. Lv Pingbo	78	78
Mr. Cai Chun Fai	181	181
Total	337	337

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive Directors, non-executive Directors, supervisors and the chief executive

	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
<b>2025</b>			
Executive directors:			
Mr. Liu Donghai	1,726	136	1,862
Ms. Xu Liping	—	—	—
Mr. Liu Liang	—	—	—
Ms. Xu Jili	—	—	—
Total	1,726	136	1,862
Non-executive directors:			
Mr. Jia Zhaojie	—	—	—
Ms. Pan Anran	—	—	—
Total	—	—	—
Supervisors:			
Mr. Li Wanlin	39	—	39
Mr. Liu Zhenlong	536	49	585
Mr. Gao Zhiqiang	—	—	—
Subtotal	575	49	624
Total	2,301	185	2,486

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive Directors, non-executive Directors, supervisors and the chief executive (Continued)

	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2024			
Executive directors:			
Mr. Liu Donghai	2,162	51	2,213
Ms. Xu Liping	–	–	–
Ms. Xu Jili	–	–	–
Total	2,162	51	2,213
Non-executive directors:			
Mr. Xie Hui	–	–	–
Mr. Jia Zhaojie	–	–	–
Ms. Pan Anran	–	–	–
Total	–	–	–
Supervisors:			
Mr. Li Wanlin	50	–	50
Mr. Liu Zhenlong	344	11	355
Mr. Gao Zhiqiang	–	–	–
Subtotal	394	11	405
Total	2,556	62	2,618

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the year.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year include one Director (2024: one Director), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining four (2024: four) highest paid employees who are neither a Director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	4,421	2,703
Pension scheme contributions	388	235
Total	4,809	2,938

The number of non-Director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	Year ended 31 December	2024
	2025	
Nil to HK\$1,000,000	–	4
HK\$1,000,000 to HK\$2,000,000	4	–

### 12. INCOME TAX EXPENSES

The provision for the PRC current income tax has been provided at the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for Sichuan Yijialong Communication Technology Chain Co., Ltd., a subsidiary of the Company, which was subject to tax at a preferential rate of 15% due to the western development tax incentives, for the year ended 31 December 2025. The major components of income tax expenses are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current		
Tax charge for the year	16,868	2,261
Deferred (note 21)	(46)	(230)
Total tax expenses for the year	16,822	2,031

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 12. INCOME TAX EXPENSES (Continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Company and the majority of the subsidiaries are domiciled to the tax expense at the Group's effective tax rate is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Loss before tax	(1,451,278)	(1,404,183)
Tax at the statutory tax rate	(362,820)	(351,046)
Lower tax rates for certain entities	9,130	105
Adjustments in respect of current tax of previous periods	11,134	732
Profit attributable to associates and joint ventures	(305)	(756)
Expenses not deductible for tax	292	269
Tax losses not recognised	359,391	352,727
Tax expense at the Group's effective rate	16,822	2,031

### 13. DIVIDENDS

The Directors does not recommend the payment of a final dividend for the year ended 31 December 2025.

### 14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 886,460,400 (2024: 886,460,400) outstanding during the year.

The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

The calculation of basic loss per share amount is based on:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	(1,439,555)	(1,374,142)

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

	Number of shares	
	2025	2024
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year	<b>886,460,400</b>	886,460,400

### 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>31 December 2025</b>					
At 1 January 2025:					
Cost	73,155	558,649	71,215	34,100	737,119
Accumulated depreciation and impairment	(50,158)	(544,603)	(67,553)	(27,818)	(690,132)
Net carrying amount	<b>22,997</b>	<b>14,046</b>	<b>3,662</b>	<b>6,282</b>	<b>46,987</b>
At 1 January 2025, net of accumulated depreciation and impairment	22,997	14,046	3,662	6,282	46,987
Additions	–	22,603	1,268	188	24,059
Disposals	(7,870)	–	(269)	(188)	(8,327)
Depreciation provided during the year	(3,008)	(15,607)	(1,496)	(880)	(20,991)
At 31 December 2025, net of accumulated depreciation and impairment	<b>12,119</b>	<b>21,042</b>	<b>3,165</b>	<b>5,402</b>	<b>41,728</b>
At 31 December 2025:					
Cost	73,155	581,252	72,483	34,288	761,178
Accumulated depreciation and impairment	(61,036)	(560,210)	(69,318)	(28,886)	(719,450)
Net carrying amount	<b>12,119</b>	<b>21,042</b>	<b>3,165</b>	<b>5,402</b>	<b>41,728</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 15. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Leasehold improvements RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	72,355	542,911	67,368	33,391	716,025
Accumulated depreciation and impairment	(46,817)	(531,568)	(64,392)	(26,823)	(669,600)
Net carrying amount	25,538	11,343	2,976	6,568	46,425
At 1 January 2024, net of accumulated depreciation and impairment					
	25,538	11,343	2,976	6,568	46,425
Additions	800	15,738	3,847	849	21,234
Disposals	–	–	(808)	(140)	(948)
Depreciation provided during the year	(3,341)	(13,035)	(2,353)	(995)	(19,724)
At 31 December 2024, net of accumulated depreciation and impairment					
	22,997	14,046	3,662	6,282	46,987
At 31 December 2024:					
Cost	73,155	558,649	71,215	34,100	737,119
Accumulated depreciation and impairment	(50,158)	(544,603)	(67,553)	(27,818)	(690,132)
Net carrying amount	22,997	14,046	3,662	6,282	46,987

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 16. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of buildings (offices properties and retail stores) used in its operations. Leases of buildings generally have lease terms between 1 and 20 years. Other leases generally have lease terms of 12 months or less. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

#### (a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	<b>Buildings</b> RMB'000
As at 1 January 2024	209,061
Additions	118,454
Depreciation charge	(123,250)
Decrease	(9,436)
	<hr/>
As at 31 December 2024 and 1 January 2025	194,829
Additions	88,873
Depreciation charge	(112,363)
Decrease	(10,706)
	<hr/>
As at 31 December 2025	160,633



## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 16. LEASES (Continued)

#### The Group as a lessee (Continued)

##### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	198,775	214,780
New leases	88,873	111,281
Accretion of interest recognised during the year	6,510	8,462
Decrease	(11,457)	(10,769)
Payments	(125,947)	(124,979)
	<hr/>	<hr/>
Carrying amount at 31 December 2025	156,754	198,775
Analysed into:		
Current portion	66,161	95,162
Non-current portion	90,593	103,613
	<hr/>	<hr/>
Within one year	66,161	95,162
After one year but within two years	52,589	47,225
After two years but within five years	37,019	40,490
After five years	985	15,898
	<hr/>	<hr/>
Total	156,754	198,775

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	6,510	8,462
Depreciation charge of right-of-use assets	112,363	123,250
Expense relating to short-term leases (included in profit and loss)	15,911	9,706
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses)	213	917
	<hr/>	<hr/>
Total amount recognised in profit or loss	134,997	142,335

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 16. LEASES (Continued)

#### The Group as a lessee (Continued)

##### (d) Variable lease payments

The Group leased a number of the retail stores and units in a shopping mall which contain variable lease payment terms that are based on the Group's turnover generated from the retail stores and the units in the shopping mall. Management's objective is to align the lease expense with the revenue earned. The following provides information on the Group's variable lease payments, including the summary magnitude in relation to fixed payments:

#### 2025

	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Fixed rent	140,441	–	140,441
Variable rent with minimum payment	1,416	154	1,570
Variable rent only	–	59	59
<b>Total</b>	<b>141,857</b>	<b>213</b>	<b>142,070</b>

#### 2024

	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Fixed rent	131,865	–	131,865
Variable rent with minimum payment	2,820	913	3,733
Variable rent only	–	4	4
<b>Total</b>	<b>134,685</b>	<b>917</b>	<b>135,602</b>

A 5% increase in sales produced by the retail stores and units would increase the total lease payments by 0.01%.

(e) The total cash outflow for leases is disclosed in note 34 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 17. OTHER INTANGIBLE ASSETS

	Software copyrights RMB'000	Distribution network RMB'000	Total RMB'000
<b>31 December 2025</b>			
Cost at 1 January 2025, net of accumulated amortisation	1,334	523	1,857
Additions	209	–	209
Amortisation provided during the year	(463)	(230)	(693)
At 31 December 2025	1,080	293	1,373
At 31 December 2025:			
Cost	8,271	4,667	12,938
Accumulated amortisation	(7,191)	(4,374)	(11,565)
Net carrying amount	1,080	293	1,373
<b>31 December 2024</b>			
Cost at 1 January 2024, net of accumulated amortisation	640	753	1,393
Additions	977	–	977
Amortisation provided during the year	(283)	(230)	(513)
At 31 December 2024	1,334	523	1,857
At 31 December 2024:			
Cost	8,062	4,667	12,729
Accumulated amortisation	(6,728)	(4,144)	(10,872)
Net carrying amount	1,334	523	1,857

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 18. INVESTMENTS IN JOINT VENTURES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Share of net assets	<b>34,980</b>	29,174

Particulars of the Group's joint ventures are as follows:

Name	Registered share capital	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Guangzhou Zhongqi Energy Technology Co., Ltd.*	Registered capital of RMB1 each	PRC/Chinese mainland	46	46	46	Sale of mobile telecommunications devices and accessories
Shenzhen Chuanshi Electronic Technology Ltd.*	Registered capital of RMB1 each	PRC/Chinese mainland	50	50	50	Equity investment and investment consultation

\* English translations of names for identification purposes only

The above investments are directly held by the Company.

The following table illustrates the financial information of the Group's joint ventures:

	2025	2024
	RMB'000	RMB'000
Share of the joint ventures' profit for the year	<b>4,422</b>	1,739
Share of the joint ventures' other comprehensive income/(loss)	<b>1,383</b>	(4,343)
Share of the joint ventures' total comprehensive income/(loss)	<b>5,805</b>	(2,604)

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 19. INVESTMENTS IN ASSOCIATES

#### Financial information of investments in associates

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Share of net assets	34,777	38,123
Goodwill on acquisition	524	524
<b>Total</b>	<b>35,301</b>	<b>38,647</b>

Particulars of the Group's associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest	Principal activity
Tongrong Commercial Factoring (Tianjin) Co., Ltd	Ordinary shares	PRC/Chinese mainland	23	Provision of trade finance and credit investigation and evaluation services
Yangzhou D-phone Science and Technology Information Co., Ltd.	Ordinary shares	PRC/Chinese mainland	43	Wholesale and retail of communication equipment and after-sales services
China Ocean Intelligent Equipment Manufacturing (Shenzhen) Company Limited	Ordinary shares	PRC/Chinese mainland	50	Research and development, production and imports and exports of smart devices and automation equipment
DIMI Technology (Thailand) Co., Ltd.	Ordinary shares	Thailand	49	Sale of mobile telecommunications devices and accessories

The Group's shareholdings in all associates comprise equity shares held by the Company, except for Tongrong Commercial Factoring (Tianjin) Co., Ltd, the shareholdings in which are held through subsidiaries of the Company.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 19. INVESTMENTS IN ASSOCIATES (Continued)

Financial information of investments in associates (Continued)

The following table illustrates the financial information of the Group's associates:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Share of the associates' (loss)/profit for the year	<u>(3,347)</u>	<u>1,284</u>

### 20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Equity investments designated at fair value through other comprehensive income</b>		
Unlisted equity investments, at fair value	<u>25,383</u>	<u>22,957</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 21. DEFERRED TAX

The movements in deferred tax liabilities during the year is as follows:

	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2024	–	333	333
Deferred tax charged to profit or loss during the year	–	(230)	(230)
Deferred tax credited to other comprehensive income during the year	739	–	739
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	739	103	842
Deferred tax charged to profit or loss during the year	–	(46)	(46)
Deferred tax credited to other comprehensive income during the year	607	–	607
At 31 December 2025	1,346	57	1,403

Deferred tax assets in respect of tax losses and temporary differences amounting to RMB359,391,000 during the year (2024: RMB352,727,000) have not been recognised, as it is not considered probable that taxable profits will be available against which the above tax losses can be utilised.

### 22. INVENTORIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Merchandise	524,345	428,830
Provision against inventories	(43,166)	(42,304)
Total	481,179	386,526

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 22. INVENTORIES (Continued)

The movements in the loss allowance for impairment of inventories are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
At beginning of year	42,304	40,623
Impairment (note 8)	5,187	1,681
Written off	(4,325)	–
At end of year	43,166	42,304

### 23. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables	2,734,773	3,583,822
Bills receivable	54,558	3,620
Impairment	(1,848,583)	(1,234,190)
Net carrying amount	940,748	2,353,252
Trade receivables including:		
Due from related parties	285,629	842,511
Others	600,561	1,507,121

The Group grants different credit periods to customers. The Group's retail sales to consumers are cash sales. Credit periods are offered to customers of volume sales of telecommunications devices and accessories and others. The credit periods offered to customers of volume sales are considered on a case-by-case basis.

The Group maintains strict control over and closely monitors its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

The average maturity period of bills receivable is one to six months, and bills receivable were neither past due nor impaired and provision assessed to be minimal.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 23. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	376,944	1,587,493
1 – 2 years	203,605	273,059
Over 2 years	305,641	489,080
Total	886,190	2,349,632

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
At beginning of year	1,234,190	826,586
Impairment losses (note 8)	856,479	739,159
Amount written off as uncollectible	(242,086)	(331,555)
At end of year	1,848,583	1,234,190

The increase in the provision for impairment loss of balances is attributable to: 1) the decline in the fair value of the pledged asset backings; 2) the deteriorating creditworthiness of the counterparties, detailed as following:

For the counterparties related to sales of telecommunications devices and accessories, the Group classified the related trade receivables and other receivables as following three categories:

- (1) Category A counterparties: For balances from counterparties with strong creditworthiness, such as companies controlled/significantly influenced by Zhuhai Huafa Group; associates and joint ventures, state-owned telecom operators, the Group made an impairment at approximately 1.05% loss rate based on the historical and industry loss experience. As of 31 December 2025, the original carrying amount of such trade receivables is RMB402 million, with an allowance for bad debts of RMB4 million.
- (2) Category B counterparties: Except for the balances from Category A and Category C counterparties, the receivables from normal and ordinary course of the Group's business, and the credit risk increases with the age of the receivables. Accordingly, the Group applies an ageing-based approach by grouping receivables according to their ageing profiles and calculating the ECL using the corresponding ECL rate, which takes into account historical loss rates, average default rates, average migration rates, forward-looking adjustments (including projected gross domestic product ("GDP") growth scenarios), and other relevant factors.

## 23. TRADE AND BILLS RECEIVABLES (Continued)

The parameters of the ECL model are as follows:

### Basis of selection/calculation method

Risk Portfolio

In accordance with IFRS 9, receivables are assessed for impairment on the basis of expected credit losses, and a provision is recognised by considering the credit risk characteristics of different customers. This approach employs a common risk profile and an impairment matrix derived from an ageing portfolio.

Average migration rate

Using the distribution of the ageing profile of receivables for the past three years and the current year, the migration rates for each age group in 2023, 2024, and 2025 were calculated separately. The average of these migration rates from the past three years was then used as the current year's average migration rate for the receivables.

Average default rate

Determine the default rate for all receivables aged more than two years for each of the years 2023, 2024, and 2025 and then compute the average of these three annual default rates to obtain the multi-year average.

Historical loss rate

The formula for calculating the historical loss rate is:

$(\text{Average migration rate per age group}) \times (\text{average default rate}) \times 100\%$ .

Forward-looking adjustment factor

The Group calculates credit loss rates under different scenarios based on the trends between historical default probabilities, default loss rates and GDP growth rates, taking into account future GDP growth rates, and uses the weighted average of the credit loss rates under different scenarios and the rate of change of the current loss rate as the forward-looking adjustment factor.

Expected credit loss rate

The formula for calculating the ECL rate is:

$(\text{Historical loss rate per age group}) \times (1 + \text{forward-looking adjustment factor})$

The Group calculates the average migration rate for counterparties and applies a 100% average default rate to receivables aged more than two years, drawing on the distribution of each age group from 2023 to 2025 and considering actual business environment. From this, the Group derives the historical loss rate and, after factoring in GDP growth across various scenarios, applies a 5% forward-looking adjustment. This revised figure then forms the basis for determining the ECL rate. Based on the above, the provision for impairment loss in an amount of RMB311 million was made for the category B trade receivables.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 23. TRADE AND BILLS RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's category B trade receivables using a provision matrix:

As at 31 December 2025

	Aging			Total
	Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	10.1%	36.0%	100.0%	58.3%
Gross carrying amount (RMB'000)	177,823	98,618	257,751	534,192
Expected credit losses (RMB'000)	17,944	35,512	257,751	311,207

(3) **Category C counterparties: balances from counterparties with past problems or historical issues**

(i) *Guaranteed Category C trade receivables and other receivables*

Huafa Group acquired a controlling interest in the Company, and became the New Controlling Shareholders in 2021. In order to facilitate the smooth transition of the Group's business to the new management team of the New Controlling Shareholders and the collection of trade and other receivables arising from doing business with the Group under the management team of the Former Controlling Shareholders, the Former Controlling Shareholders agreed to collect and provide guarantees for the collection of certain trade and other receivables in the aggregate amount of approximately RMB2.23 billion (the "Guaranteed Receivables") in 2021. The guarantees (the "Guarantees") are secured by certain assets pledged by the Former Controlling Shareholders, and the general personal guarantee of Mr. Liu Donghai.

As at 31 December 2025, the Guaranteed Category C trade receivables and other receivables had a gross carrying amount of approximately RMB629 million and RMB883 million, respectively, with an ageing period of over three years and with extremely low recoverability from themselves. For the purpose of measuring credit losses, the expected cash flows from collateral held and other credit enhancements were included.

The Group assessed the fair value of the asset backings of the Former Controlling Shareholder by engaging external independent appraisers to perform valuations of properties and equity investments, incorporating downstream transaction taxes and fees into the assessment and then assessed whether there are any shortfall should be recognised as impairment provision for the Guaranteed Category C trade receivables and other receivables.

The pledged asset backings of the Former Controlling Shareholder included property assets, investments, payables due to the Liu Family and the Company's shares owned by the Liu Family are appraised at an estimated fair value of RMB639 million as at 31 December 2025.

As such, the provision for impairment loss in an amount of RMB364 million was made for the Guaranteed Category C trade receivables, and a provision of an amount of RMB509 million was made for the Guaranteed Category C other receivables as at 31 December 2025.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 23. TRADE AND BILLS RECEIVABLES (Continued)

#### (3) Category C counterparties: balances from counterparties with past problems or historical issues (Continued)

##### (ii) Non-Guaranteed Category C trade receivables

For the Non-Guaranteed Category C balances from counterparties with past problems or historical issues, as those counterparties are unreachable or experiencing significant financial difficulties, and most aging are over 3 years, the Group considered that the recoverability to be extremely low and made full ECL provision as at 31 December 2025 for such non-guaranteed trade receivables with original carrying amount of RMB1,170 million.

### 24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	As at 31 December	
		2025	2024
		RMB'000	RMB'000
Prepayments	(a)	796,476	734,657
Deposits	(b)	79,416	103,991
Other assets		84,563	104,885
Interest receivables		49,139	20,807
Other receivables	(c)	1,544,559	1,620,256
		<b>2,554,153</b>	<b>2,584,596</b>
Impairment allowance		<b>(1,130,017)</b>	<b>(912,120)</b>
Total		<b>1,424,136</b>	<b>1,672,476</b>
Including:			
Due from related parties		308,723	308,483
Others		1,115,413	1,363,993

Notes:

#### (a) Prepayments

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Purchase of mobile telecommunications devices and accessories	622,740	467,365
Others	173,736	267,292
Total	<b>796,476</b>	<b>734,657</b>

In late 2025, in anticipation of the increase in cost of chips, which is a key component of mobile telecommunication devices, and the market forces of the Group's downstream distributors and customers, the Group made down payments in a total amount of RMB623 million to its upstream distributors and device manufacturers to lock up prices of certain popular models. In respect of this, the Group received down payment of approximately RMB410 million from its downstream distributors and customers as set out in note 29.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

Notes: (Continued)

#### (b) Deposits

The balance represents deposit to counterparties during daily business. Except for certain doubtful deposits amounting to RMB10 million at stage 3 which were proven to be uncollectible and full provision has been made, the credit risk of remaining balances of deposits are not significantly increase and at stage 1, management considered that these balances would be recoverable after related transaction closed, therefore, the Group made an impairment at approximately 1% loss rate based on the historical and industry loss experience.

The movements in the loss allowance for impairment of deposits are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
At beginning of year	10,900	10,673
Impairment losses (note 8)	(172)	227
At end of year	10,728	10,900

#### (c) Other receivables

As described in note 23, the balance represents Category B other receivables and Category C other receivables.

The movements in the loss allowance for impairment of other receivables recognised for the 12-month ECLs and lifetime ECLs are as follows:

	As at 31 December 2025			
	Stage 1 12-month ECLs RMB'000	Stage 2 Lifetime ECLs (not yet credit- impaired) RMB'000	Stage 3 Lifetime ECLs (credit-impaired) RMB'000	Total RMB'000
Opening balance	10,000	9,562	881,658	901,220
Impairment losses	(6,075)	(7,457)	317,921	304,389
Amount written-off as uncollectible	–	–	(86,320)	(86,320)
Closing balance	3,925	2,105	1,113,259	1,119,289

The increase in the provision for impairment loss of balances is attributable to: 1) the decline in the fair value of the pledged asset backings; 2) the deteriorating creditworthiness of the counterparties, detailed as following:

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

Notes: (Continued)

(c) **Other receivables** (Continued)

(1) *Category B other receivables*

Except for Category C other receivables, for other general receivables which arise in the normal and ordinary course of the Group's business as described in note 23, the credit risk increases with the age of the receivables. Accordingly, the Group applies an ageing-based approach by grouping receivables according to their ageing profiles and calculating the ECL using the corresponding ECL rate, which takes into account historical loss rates, average default rates, average migration rates, forward-looking adjustments (including projected gross domestic product ("GDP") growth scenarios), and other relevant factors. The provision for impairment loss in an amount of RMB111 million was made for Category B other receivables as at 31 December 2025.

Set out below is the information about the credit risk exposure on Category B other receivables using a provision matrix as at 31 December 2025:

As at 31 December 2025

	Aging			Total
	Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	7.5%	36.0%	100.0%	68.0%
Gross carrying amount (RMB'000)	52,446	5,846	104,838	163,130
Expected credit losses (RMB'000)	3,925	2,105	104,838	110,868

(2) *Category C other receivables*

(i) *Guaranteed Category C other receivables*

Details of impairment of Guaranteed Category C other receivables are set out in note 23.

(ii) *Non-Guaranteed Category C other receivables*

For the Non-Guaranteed Category C balances from counterparties with past problems or historical issues, as those counterparties are unreachable or experiencing significant financial difficulties, and most aging are over 3 years, the Group considered that the recoverability to be extremely low and made full ECL provision as at 31 December 2025 for such non-guaranteed other receivables with original carrying amount of RMB499 million.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Other unlisted investments, at fair value	<b>21,000</b>	204,466

The above unlisted investments were wealth management products issued by banks in the Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

At 31 December 2025, the Group's financial assets at fair value through profit or loss with a carrying amount of approximately RMB0 (2024: RMB0.2 billion) were pledged to secure bank borrowings, as set out in note 30 to the financial statements.

### 26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash and bank balances	<b>1,844,225</b>	3,309,731
Time deposits	<b>2,349,454</b>	2,135,073
	<b>4,193,679</b>	5,444,804
Less: Pledged time deposits:		
Pledged for bank borrowings	—	40,000
Pledged for bank acceptance notes	<b>2,345,644</b>	2,093,532
Other pledged deposits	<b>3,810</b>	1,541
	<b>1,844,225</b>	3,309,731

At 31 December 2025, cash and cash equivalents and pledged deposits that the Group deposits with Zhuhai Huafa Group Finance Co., Ltd. amounted to RMB1,709,840,000 (2024: RMB3,222,293,000).

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (Continued)

Other currencies included in cash and cash equivalents at the end of the period are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Other currencies included in cash and cash equivalents:		
– denominated in Hong Kong Dollars	24	43
Total	24	43

\* All other cash and cash equivalents held by the Group are denominated in RMB. And the RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

### 27. BALANCES WITH RELATED PARTIES

Further details of the Group's balances with related parties are set out in note 36.

### 28. TRADE AND BILLS PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables	121,266	145,844
Bills payables	89,150	781,157
Total	210,416	927,001

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 28. TRADE AND BILLS PAYABLES (Continued)

An ageing analysis of the outstanding trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 90 days	158,021	503,580
91 to 180 days	8,238	364,156
181 to 365 days	12,965	4,537
Over 1 year	31,192	54,728
Total	210,416	927,001

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

### 29. OTHER PAYABLES AND ACCRUALS

		As at 31 December	
	Note	2025	2024
		RMB'000	RMB'000
Payroll and welfare payable		16,197	30,684
Contract liabilities in respect of sale of goods and rendering of services	(a)	482,609	253,599
Accrued expenses		54,296	24,888
Other payables	(b)	667,396	416,317
Total		1,220,498	725,488
Including:			
Due to related parties		269,821	255,004
Others		950,677	470,484

Notes:

(a)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Sales of mobile telecommunications devices and accessories	410,089	227,496
Others	72,520	26,103
Total	482,609	253,599

Contract liabilities include short-term advances received to deliver mobile telecommunications devices and accessories, and rendering of services. As set out in note 24, the Group received down payment of approximately RMB410 million from its downstream distributors and customers in late 2025 in anticipation of the increase in cost of a key component of mobile telecommunication devices.

(b) Other payables are non-interest-bearing and have an average term of three months.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025		2024	
	Maturity	RMB'000	Maturity	RMB'000
<b>Current</b>				
Bank loans:				
Unsecured, repayable within one year	2026	4,113,500	2025	6,087,893
Secured, repayable within one year	2026	1,785,469	2025	1,558,400
Current portion of long term bank loans	2026	5,200	2025	4,800
Other loans:				
Unsecured, repayable within one year	2026	270,000	2025	80,000
Secured, repayable within one year	2026	814,300	2025	622,000
		<u>6,988,469</u>		<u>8,353,093</u>
<b>Non-current</b>				
Bank loans	2027	<u>124,800</u>	2026	<u>72,800</u>
		<u>7,113,269</u>		<u>8,425,893</u>

Analysed into:

	2025 RMB'000	2024 RMB'000
Within one year	5,200	4,800
After one year but within two years	124,800	72,800
Total	<u>130,000</u>	<u>77,600</u>
Including:		
Due to related parties	2,787,900	4,691,000
Others	4,325,369	3,734,893

Notes:

- The bank and other loans bear interest at rates ranging from 0.65% to 4.5% (2024: 1.08% to 4.5%) per annum.
- The Group's bank and other loans were secured by pledged deposits, which had an aggregate carrying value of RMB2.3 billion (2024: RMB2.1 billion), and financial assets at fair value through profit or loss with a carrying amount of RMB0 (2024: RMB0.2 billion) at the end of the reporting period.
- Certain bank and other loans of the Group from third-party commercial banks were guaranteed by Zhuhai Huafa Group. Further details are set out in note 36.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 31. SHARE CAPITAL

#### Shares

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Issued and fully paid: 886,460,400 (2024: 886,460,400) ordinary shares	<b>886,460</b>	886,460

The ordinary shares of the Company do not have a par value.

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	886,460,000	886,460
At 31 December 2024 and 1 January 2025	886,460,000	886,460
At 31 December 2025	886,460,000	886,460

### 32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

#### Capital reserve

The composition of the balance of capital reserve primarily includes: (1) an increase of RMB491 million in capital reserve resulting from the initial public offering in 2014, during which 167 million shares were issued; (2) an increase of RMB125 million in capital reserve due to the issuance of 66 million additional shares in 2020; (3) an increase of RMB85 million in capital reserve from the issuance of 154 million additional shares in 2023.

#### Statutory reserve funds

Pursuant to the relevant PRC laws and regulations, Sino-foreign equity joint ventures registered in the PRC are required to transfer a certain percentage, as approved by the board of Directors, of their profit after income tax, as determined in accordance with the PRC accounting rules and regulations, to the reserve funds, the enterprise expansion fund and the employee bonus and welfare fund. These funds are restricted as to use.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 32. RESERVES (Continued)

#### Statutory reserve funds (Continued)

In accordance with the relevant PRC laws and regulations, each of the PRC domestic companies is required to transfer 10% of its profit after income tax, as determined in accordance with the PRC accounting regulations, to the statutory common reserve fund, until the balance of the fund reaches 50% of its registered capital. Subject to certain restrictions as set out in the relevant PRC laws and regulations, the statutory common reserve fund may be used to offset against accumulated losses, if any.

#### Distributable reserves

For dividend purposes, the amounts which the PRC companies can legally distribute by way of a dividend are determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with PRC GAAP.

In accordance with the Company Law of the PRC, profit after tax of the PRC companies can be distributed as dividends after the appropriation to the statutory reserve funds as set out above.

### 33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Zhuhai Dixin Tong Green Technology Company Limited	51%	51%

	2025 RMB'000	2024 RMB'000
Accumulated balances of non-controlling interests at the reporting date:		
Zhuhai Dixin Tong Green Technology Company Limited	1,480,491	1,470,000

Zhuhai Dixin Tong Green Technology Company Limited was established in December 2024 and has not yet commenced substantive business operation during the year. As of 31 December 2025, there are no other assets or liabilities except for cash and cash equivalents of RMB1.5 billion and other receivables of RMB1.5 billion which was eliminated at the Group level.

### 34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB88,873,000 and RMB88,873,000, respectively, in respect of lease arrangements for buildings (2024: RMB116,941,000 and RMB109,409,000).

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

#### (b) Changes in liabilities arising from financing activities

2025

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2025	8,425,893	198,775
Changes from financing cash flows	(1,312,624)	(125,947)
New leases	–	88,873
Interest expense	–	6,510
Decrease	–	(11,457)
At 31 December 2025	7,113,269	156,754

2024

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2024	6,721,446	214,780
Changes from financing cash flows	1,704,447	(124,979)
New leases	–	111,281
Interest expense	–	8,462
Decrease	–	(10,769)
At 31 December 2024	8,425,893	198,775

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	16,124	10,623
Within financing activities	125,947	124,979
Total	142,071	135,602

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 35. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in note 30 to the financial statements.

### 36. RELATED PARTY TRANSACTIONS

(a) The Group had the following major transactions with related parties during the year:

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Companies controlled/significantly influenced by Zhuhai Huafa Group:			
Sales of goods	(i)	579,140	854,670
Purchases of Photovoltaic (PV) module		9,690	–
Revenue from provision of online and offline sales and marketing services	(i)	59,923	236,345
Loans received	(ii)	3,250,900	5,992,528
Loans repaid	(ii)	5,154,000	4,057,330
Total		9,053,653	11,140,873
Joint ventures:			
Guangzhou Zhongqi Energy Technology Co., Ltd.			
Purchases of goods	(i)	78,695	32,410
Sales of goods	(i)	57,299	65,195
Total		135,994	97,605
Other associates and joint ventures			
Purchases of goods	(i)	–	8
Total		–	8

Notes:

- (i) The transaction prices were determined at arm's length with reference to prices at which the Group transacted with independent third-party customers and suppliers.
- (ii) The interest rates ranged from 2.15% to 4.5% which approximate market interest rates, with maturity periods of one to 12 months.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 36. RELATED PARTY TRANSACTIONS (Continued)

(b) Major outstanding balances with related parties:

		As at 31 December	
	Notes	2025 RMB'000	2024 RMB'000
Trade in nature balances			
Due from:			
Companies controlled/significantly influenced by Zhuhai Huafa Group	(iii)	228,843	767,726
Companies controlled/significantly influenced by the Liu Family		–	1,462
Guangzhou Zhongqi Energy Technology Co., Ltd.		61,145	71,345
Other associates and joint ventures		1,683	1,977
Total		291,671	842,510
Due to:			
Companies controlled/significantly influenced by Zhuhai Huafa Group	(iii)	15,104	87
Companies controlled/significantly influenced by the Liu Family		–	9
Total		15,104	96
Financing in nature balances			
Due to:			
Companies controlled/significantly influenced by Zhuhai Huafa Group	(iii)	2,787,900	4,691,000
Guaranteed by:			
Companies controlled/significantly influenced by Zhuhai Huafa Group	(iii)	1,865,075	1,285,150

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 36. RELATED PARTY TRANSACTIONS (Continued)

		As at 31 December	
	Notes	2025 RMB'000	2024 RMB'000
Other non-trade in nature balances			
Due from:			
Companies controlled/significantly influenced by Zhuhai Huafa Group	(iii)	288	285
Companies controlled/significantly influenced by the Liu Family		300,663	304,103
Guangzhou Zhongqi Energy Technology Co., Ltd.		129	4,096
Other associates and joint ventures		1,601	–
Total		302,681	308,484
Due to:			
Companies controlled/significantly influenced by the Liu Family		254,717	254,908
Total		254,717	254,908

Notes:

- (iii) Other than the loans from Huajin International Commercial Factoring (Zhuhai) Co., Ltd. and Zhuhai Huafa Group Finance Co., Ltd., further details of which are set out in the relevant notes, all other related party balances are unsecured, interest free, and repayable on demand.



## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

As at 31 December 2025

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total RMB'000
	Mandatorily designated as such RMB'000	Debt investments RMB'000	Equity investments RMB'000	RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	25,383	–	25,383
Trade and bills receivables	–	4,558	–	936,190	940,748
Financial assets at fair value through profit or loss	21,000	–	–	–	21,000
Financial assets included in prepayments, other receivables and other assets	–	–	–	543,097	543,097
Pledged deposits	–	–	–	2,349,454	2,349,454
Cash and cash equivalents	–	–	–	1,844,225	1,844,225
<b>Total</b>	<b>21,000</b>	<b>4,558</b>	<b>25,383</b>	<b>5,672,966</b>	<b>5,723,907</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 37. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

#### Financial assets (Continued)

As at 31 December 2024

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Mandatorily designated as such	Debt investments	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	—	—	22,957	—	22,957
Trade and bills receivables	—	3,620	—	2,349,632	2,353,252
Financial assets at fair value through profit or loss	204,466	—	—	—	204,466
Financial assets included in prepayments, other receivables and other assets	—	—	—	832,934	832,934
Pledged deposits	—	—	—	2,135,073	2,135,073
Cash and cash equivalents	—	—	—	3,309,731	3,309,731
<b>Total</b>	<b>204,466</b>	<b>3,620</b>	<b>22,957</b>	<b>8,627,370</b>	<b>8,858,413</b>

At 31 December 2025, the Group discounted certain bills receivable accepted by banks with a carrying amount of RMB67 million (31 December 2024: RMB5 million). In the opinion of the Group, the Group has retained substantially all the risks and rewards, which include default risks relating to such endorsed bills or discounted bills, and accordingly, it continued to recognise the full carrying amounts of the endorsed bills or discounted bills and the associated accounts payable settled or the recognised bank borrowings. Subsequent to the endorsement and discounting, the Group did not retain any rights on the use of the endorsed bills and discounted bills, including the sale, transfer or pledge of the endorsed bills and discounted bills to any other third parties. The aggregate carrying amount of the bank borrowings settled by the discounted bills was RMB50 million (31 December 2024: RMB4 million) as at 31 December 2025.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 37. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

#### Financial liabilities

	Financial liabilities at amortised cost as at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade and bills payables	210,416	927,001
Financial liabilities included in other payables and accruals	611,819	375,214
Lease liabilities	156,754	198,775
Interest-bearing bank and other borrowings	7,113,269	8,425,893
Total	8,092,258	9,926,883

### 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, pledged deposits, financial assets at fair value through profit or loss, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of lease liabilities and interest-bearing loans and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 were assessed to be insignificant.

The fair values of unlisted equity investments which had recent history of share transactions are based on observable market transaction prices. The fair values of other unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the Directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to sales ("EV/Sales") multiple and price to book value ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Financial assets at fair value through profit or loss of the Group were structured deposits with commercial banks in Chinese Mainland and their fair value was estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Financial assets at fair value through other comprehensive income of the Group were bills receivables which issued by the commercial banks with high credit rating. The fair value has been calculated by discounting the expected future cash flows. In addition, the bills receivable will mature within six month, and thus their fair values approximate to their carrying values.

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	25,383	25,383
Financial assets at fair value through profit or loss	–	21,000	–	21,000
Bills receivable	–	4,558	–	4,558
<b>Total</b>	<b>–</b>	<b>25,558</b>	<b>25,383</b>	<b>50,941</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

#### Fair value hierarchy (Continued)

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	22,957	22,957
Financial assets at fair value through profit or loss	–	204,466	–	204,466
Bills receivable	–	3,620	–	3,620
Total	–	208,086	22,957	231,043

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (2024: nil).

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2024: nil).

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing loans, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables and trade and bills payables as well as other receivables and payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces conservative strategies on its risk management. The board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's borrowings with a floating interest rate.

At 31 December 2025, the Group's balances of interest-bearing bank and other borrowings were with fixed interest rate, interest rate risk is insignificant.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

#### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs	Stage 1	Stage 2	Stage 3	
	Stage 1	Stage 2	Stage 3	Simplified	Total
	RMB'000	RMB'000	RMB'000	approach	RMB'000
				RMB'000	
Trade and bill receivables*	–	–	–	2,784,773	2,784,773
Financial assets included in prepayments, other receivables and other assets	121,863	5,846	1,496,266	–	1,623,975
Pledged deposits					–
– Not yet past due	2,349,454	–	–	–	2,349,454
Cash and cash equivalents	–				–
– Not yet past due	1,844,225	–	–	–	1,844,225
<b>Total</b>	<b>4,315,542</b>	<b>5,846</b>	<b>1,496,266</b>	<b>2,784,773</b>	<b>8,602,427</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 23 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 23 to the financial statements.

Generally and except for the Guaranteed Receivables, the Group trades only with recognised and creditworthy third parties and there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. The Group's concentration of credit risk is mainly a result that the Group's customers are mainly in the telecommunications sector.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings and lease liabilities. In addition, on 11 March 2024, the Group entered into a finance services framework agreement with Huafa Finance Co., Ltd. which granted a revolving credit facility of RMB5 billion for the three years from 1 January 2024 to 31 December 2026 to the Group.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

#### 31 December 2025

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	More than 12 months RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	2,297,230	4,766,239	135,731	7,199,200
lease liabilities	–	61,496	66,603	81,254	209,353
Trade and bills payables	44,157	8,238	158,021	–	210,416
Other payables and accruals	365,034	34,763	212,021	–	611,819
<b>Total</b>	<b>409,191</b>	<b>2,401,727</b>	<b>5,202,884</b>	<b>216,985</b>	<b>8,230,787</b>

#### 31 December 2024

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	More than 12 months RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	1,933,914	6,533,286	76,440	8,543,640
lease liabilities	–	36,571	64,276	112,754	213,601
Trade and bills payables	54,728	503,580	368,693	–	927,001
Other payables and accruals	–	309,704	65,510	–	375,214
<b>Total</b>	<b>54,728</b>	<b>2,783,769</b>	<b>7,031,765</b>	<b>189,194</b>	<b>10,059,456</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy liquidity position in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, loans from an associate included in amounts due to related parties, and lease liabilities, less cash and cash equivalents. Capital represents total equity.

During the year, the Group's strategy was to maintain the liquidity ratio at a healthy level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking and other facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of liquidity to support its business. The gearing ratios at the end of the reporting periods are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Interest-bearing bank and other borrowings	7,113,269	8,425,893
Lease liabilities	156,754	198,775
Less: Cash and cash equivalents	1,844,225	3,309,731
Net debt	5,425,798	5,314,937
Total equity	(1,374,450)	91,258
Net debt and total equity	4,051,348	5,406,195
Gearing ratio	134%	98%

### 40. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation.

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	9,436	11,990
Right-of-use assets	427	2,990
Intangible assets	569	842
Investments in subsidiaries	3,717,549	3,213,348
Investments in joint ventures	34,980	29,174
Investments in associates	3,670	8,206
Equity investments designated at fair value through other comprehensive income	25,383	22,957
Total non-current assets	<b>3,792,014</b>	3,289,507
<b>CURRENT ASSETS</b>		
Inventories	2,251	12,761
Trade and bills receivables	89,050	415,267
Prepayments, deposits and other receivables	318,338	627,587
Due from subsidiaries	194,959	3,298,762
Pledged deposits	297,111	541,285
Cash and cash equivalents	286,355	242,252
Total current assets	<b>1,188,064</b>	5,137,914
<b>CURRENT LIABILITIES</b>		
Trade and bills payables	27,946	336,590
Other payables and accruals	462,170	413,792
Interest-bearing bank and other borrowings	3,196,200	5,913,350
Lease liabilities	583	3,545
Total current liabilities	<b>3,686,899</b>	6,667,277
<b>NET CURRENT LIABILITIES</b>	<b>(2,498,835)</b>	(1,529,363)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,293,179</b>	1,760,144
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	1,346	739
Lease liabilities	–	456
Total non-current liabilities	<b>1,346</b>	1,195
<b>NET ASSETS</b>	<b>1,291,833</b>	1,758,949
<b>EQUITY</b>		
Share capital	886,460	886,460
Reserves (note)	405,373	872,489
Total equity	<b>1,291,833</b>	1,758,949

## NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2025

### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Statutory reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	761,621	50,171	(8,919)	(47,089)	(366,172)	389,612
Profit for the year	–	–	–	–	485,002	485,002
Change in fair value of equity investments at fair value through other comprehensive	–	–	(4,343)	2,218	–	(2,125)
Total comprehensive income for the year	–	–	(4,343)	2,218	485,002	482,877
At 31 December 2024	761,621	50,171	(13,262)	(44,871)	118,830	872,489
At 31 December 2024 and 1 January 2025	761,621	50,171	(13,262)	(44,871)	118,830	872,489
Loss for the year	–	–	–	–	(469,319)	(469,319)
Change in fair value of equity investments at fair value through other comprehensive	–	–	1,383	820	–	2,203
Total comprehensive income for the year	–	–	1,383	820	(469,319)	(467,116)
At 31 December 2025	761,621	50,171	(11,879)	(44,051)	(350,489)	405,373

### 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 31 March 2026.