



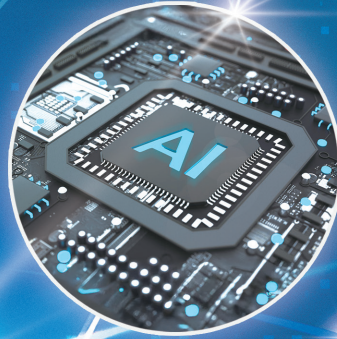
中國技術集團有限公司

CHINA STRATEGIC TECHNOLOGY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1725.HK

ANNUAL REPORT 2025



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China Strategic Technology Group Limited ■ Annual Report 2025

CONTENTS

CORPORATE INFORMATION	2
CHAIRMAN'S STATEMENT	4
MANAGEMENT DISCUSSION AND ANALYSIS	9
BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT	19
CORPORATE GOVERNANCE REPORT	25
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	45
REPORT OF DIRECTORS	126
INDEPENDENT AUDITOR'S REPORT	136
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	142
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	143
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	144
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	146
CONSOLIDATED STATEMENT OF CASH FLOWS	149
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	151
FINANCIAL SUMMARY	242

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Gu Lin (*Chairman*)
(appointed on 13 October 2025)
Mr. Chen Youan (*Deputy Chairman*)
(appointed on 12 November 2025)
Mr. Lu Huasheng
(appointed on 12 November 2025)
Mr. Zhang Yuanqi
(appointed on 13 October 2025)
H.E. Mohamed Ben Amor (*Chairman*)
(resigned on 13 October 2025)
H.H. Shaikh Mohammed Maktoum Juma
Al-Maktoum (*Deputy Chairman*)
(resigned on 18 August 2025)
Dr. Fabio Favata
(resigned on 13 October 2025)
Mr. Ma Fujun

NON-EXECUTIVE DIRECTORS

Mr. Alhamedi Mnahi F Alanezi
(resigned on 13 October 2025)
Professor Christian Feichtinger
(resigned on 13 October 2025)
Mr. Nathan Earl Whigham
(resigned on 13 October 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yao Xinguo
(appointed on 13 October 2025)
Mr. Boris Tadić
Ms. Chow Yin Kwan Yvonne
(appointed on 13 October 2025)
Ms. Barbara Jane Ryan
(resigned on 13 October 2025)
Mr. Juan de Dalmau-Mommertz
(resigned on 13 October 2025)
Mr. Marwan Jassim Sulaiman Jassim Alsarkal
(resigned on 13 October 2025)
Ms. Kwok Pui Ha
(appointed on 1 July 2025 and
resigned on 13 October 2025)
Mr. Hung Ka Hai Clement
(resigned on 1 July 2025)

AUDIT COMMITTEE

Ms. Chow Yin Kwan Yvonne (*Chairman*)
(appointed on 13 October 2025)
Mr. Yao Xinguo
(appointed on 13 October 2025)
Mr. Boris Tadić
(appointed on 13 October 2025)
Ms. Barbara Jane Ryan
(resigned on 13 October 2025)
Mr. Marwan Jassim Sulaiman Jassim Alsarkal
(resigned on 13 October 2025)
Ms. Kwok Pui Ha (*Chairman*)
(appointed on 1 July 2025 and
resigned on 13 October 2025)
Mr. Hung Ka Hai Clement (*Chairman*)
(resigned on 1 July 2025)

NOMINATION COMMITTEE

Mr. Boris Tadić (*Chairman*)
(appointed on 13 October 2025)
Mr. Yao Xinguo
(appointed on 13 October 2025)
Ms. Chow Yin Kwan Yvonne
(appointed on 13 October 2025)
H.E. Mohamed Ben Amor (*Chairman*)
(resigned on 13 October 2025)
Ms. Barbara Jane Ryan
(resigned on 13 October 2025)
Mr. Juan de Dalmau-Mommertz
(resigned on 13 October 2025)
Ms. Kwok Pui Ha
(appointed on 1 July 2025 and
resigned on 13 October 2025)
Mr. Hung Ka Hai Clement
(resigned on 1 July 2025)

REMUNERATION COMMITTEE

Mr. Yao Xinguo (*Chairman*)
(appointed on 13 October 2025)
Mr. Boris Tadić
(appointed on 13 October 2025)
Ms. Chow Yin Kwan Yvonne
(appointed on 13 October 2025)
Ms. Barbara Jane Ryan (*Chairman*)
(resigned on 13 October 2025)
Mr. Juan de Dalmau-Mommertz
(resigned on 13 October 2025)
Ms. Kwok Pui Ha
(appointed on 1 July 2025 and
resigned on 13 October 2025)
Mr. Hung Ka Hai Clement
(resigned on 1 July 2025)

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Mr. Gu Lin
(appointed on 13 October 2025)
Ms. Huang Huajuan
(appointed on 7 January 2026)
Mr. Lee Yiu Man
*(appointed on 2 October 2025
and resigned on 7 January 2026)*
H.E. Mohamed Ben Amor
(resigned on 13 October 2025)
Mr. Yu Chi Kit
*(appointed on 5 July 2025
and resigned on 2 October 2025)*
Ms. Cheng Ka Yan
(resigned on 5 July 2025)

COMPANY SECRETARY

Ms. Huang Huajuan
(appointed on 7 January 2026)
Mr. Lee Yiu Man
*(appointed on 2 October 2025
and resigned on 7 January 2026)*
Mr. Yu Chi Kit
*(appointed on 5 July 2025
and resigned on 2 October 2025)*
Ms. Cheng Ka Yan
(resigned on 5 July 2025)

REGISTERED OFFICE IN CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC" OR "CHINA")

No. Unit 07-10, 54th Floor
East Tower, Tianying Plaza
222 Xingmin Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 917-920, 9th Floor
One Island South
No. 2 Heung Yip Road
Wong Chuk Hang
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Sparkasse Heidelberg
Shanghai Pudong Development Bank

CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Level 8, K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")
Stock code: 1725.HK

STOCK CODE

1725

STOCK NAME

C STRATEGIC TEC

COMPANY WEBSITE

www.cncstg.com

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Strategic Technology Group Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I would like to present to the shareholders of the Company ("**Shareholders**") the annual report of the Group for the year ended 31 December 2025 (the "**Reporting Period**").

China Strategic Technology Group is a technology-based group of companies centered on aerospace technology, deeply integrating aerospace, precision manufacturing, and energy industries. It is engaged in sectors: 1) aerospace business, comprising (A) aerospace titanium alloy material manufacturing, (B) aerospace satellite component manufacturing, and (C) digital applications for aerospace satellites; 2) precision manufacturing, comprising (A) electronic manufacturing services (EMS), components of printed circuit boards and fully assembled electronic products (PCBA), (B) energy management and manufacturing services, intelligent control systems and chips management, thermal management and electronic control systems, and (C) sensor manufacturing services, automatic medium- and micro-pressure sensors for industrial use, medium- and micro-pressure sensors for electronic equipment; and 3) energy storage industry, comprising (A) investment in, construction, and operational management of energy storage power stations, and (B) R&D and production of energy storage systems and core equipment.

BUSINESS REVIEW

Aerospace and Space Information

During 2025, the external conditions for the aerospace and space information business of the Group continued to be under the impacts such as geopolitical tensions and related sanctions and export controls, adversely affecting certain cross-border collaborations and supply chain arrangements. On 14 January, 2026, the Company issued an announcement of business updates in relation to the memorandum of understanding and agreements previously entered into with various overseas partners in areas including satellite manufacturing and launching services, ground station networks, and development of constellation, and disclosed that certain term sheets and contracts have lapsed, as multiple proposed cooperations have become difficult to advance under the original terms due to the tension in the Sino-US relations, and various sanctions and restrictions imposed by the Government of the United States of America. The Company is discussing with the counter parties in relation to the termination of the relevant agreement/contract/memorandum of understanding.

Against this backdrop, the Board has prudently reviewed the Group's positioning of its aerospace business and risk exposure. As disclosed in the same announcement, on one hand, the Group currently has no intention to sell, curtail, or terminate its existing aerospace business and will continue its operation while seeking new opportunities in collaborations and development. On the other hand, given the on-going dispute with and the progress of the settlement with Hong Kong Science and Technology Parks Corporation ("**HKSTP**") and the lender of Aspace Satellite Technology Limited, a non-wholly owned subsidiary under the Group, the Group has decided to shift its business focus from satellite manufacturing, satellite telemetry, tracking, and controlling (TT&C), and satellite launch to segments such as satellite structure manufacturing, satellite component manufacturing, satellite power and energy system manufacturing and satellite data applications. Additionally, the Group will gradually relocate its operations outside Hong Kong including but not limited to Mainland China.

CHAIRMAN'S STATEMENT

During and after the reporting period, the Group transited and will continue to transit toward a business centered on high-value-added manufacturing and data applications. The shift not only mitigates the execution risks associated with major overseas projects amid international political uncertainties, but also promotes the technological and market synergies with the Group's existing presence in segments of precision manufacturing and energy industry. Looking ahead, the Group will principally focus on high-end aerospace materials, design of satellite and key components, aerospace-grade power and energy systems, and satellite data applications. It will put emphasis on aligning with the domestic market demands for new industrialization, innovative power systems, and space information services, while continuously exploring aerospace-related opportunities with sustainable business models and controllable risks.

Precision Manufacturing

During the year under review, the Group's precision manufacturing business continued to deliver mid-to-high-end electronic manufacturing services (EMS) to customers in communication equipment, industrial control, and smart terminals primarily through its EMS, PCBA, and complete equipment assembly businesses. In line with its comprehensive positioning of "serving aerospace and empowering energy storage," the Group optimized its product portfolio and customer base. It is progressively expanding into high-reliability niche segments such as energy and signal transmission cables and electronic control systems, thereby consolidating the foundation for the precision manufacturing capabilities in terms of the mass supply of aerospace and energy storage equipment in the future.

Energy Storage and Energy Industry

During the year under review, the Group adhered to the direction of national development in terms of "New-type Energy System," "New-type Energy Storage," and "New-type Power System," defining its positioning of the energy industry business based on "aerospace-grade energy management + energy storage systems engineering.". Following the relocation of the Group's headquarters and principal place of business in China from Hong Kong to Guangzhou, Guangdong Province in October 2025, the Group has based in South China region as its operational and decision-making hub. Additionally, it has carried out the building of project pipeline and selection of working partners for grid-side independent energy storage power stations, zero-carbon energy systems for industrial parks, and new-type energy storage equipment.

By the end of 2025, tasks related to the energy storage and energy industry primarily remained in the preliminary stage of technology route planning, business model design, and project development. The relevant operations did not yet contribute significantly to the Group's financial performance during the year under review, but the strategic direction was clearly defined and the initial screening of the first batch of project objectives was completed.

During the Reporting Period, the Group recorded a turnover from continuing operations of approximately RMB642.5 million, representing a significant increase of approximately 103.4% as compared to that of 2024; while the loss for the Reporting Period from continuing and discontinued operations was approximately RMB463.4 million as compared to that of approximately RMB265.3 million for 2024. The increase of approximately 74.6% in net loss recorded by the Group during the Reporting Period was mainly due to the impairment losses of property, plant, equipment and right-of-use assets.

CHAIRMAN'S STATEMENT

BUSINESS STRATEGIES AND OUTLOOK

Furthermore, the unaudited net assets of the Group as at the date of this report is approximately RMB89.9 million, representing a positive sign of the strategic restructuring of the Group. The Group is now using its best endeavour to improve its financial flexibility and capacity to seize opportunities. The Group will continue its relentless efforts to actively explore new markets and embrace challenges with innovative thinking to bring about new breakthroughs for the business.

Synergy between Energy Storage and Energy Industry and Aerospace Materials

Looking ahead to 2026, the Group anticipates its energy and energy storage business will transit from the "confirming project direction" phase to the "project implementation" phase. At the beginning of the year, the Group entered into Engineering, Procurement, and Construction (EPC) cooperation agreements with China Construction Third Engineering Bureau (South China) Co., Ltd. (中建三局集團華南有限公司) and Hebei Second Construction Engineering Co., Ltd. (河北省第二建築工程有限公司) in relation to the independent energy storage power station projects in Dezhou, Shandong and Cangzhou, Hebei. The planned capacities of Phase I of these projects are approximately 200MW/400MWh and 200MW/800MWh, respectively. Phase I construction is expected to be ready for grid connection during 2026, positioning themselves as potential demonstration projects of the Group in the grid-side energy storage sector.

Concurrently, the Group is at the preliminary stage of construction of an energy storage equipment project, intending to develop an integrated equipment manufacturing base, encompassing energy storage battery system integration, energy storage cabinet and system integration, energy storage EMS/BMS and testing/validation. The base is expected to form integrated synergy of "equipment manufacturing + power station operation" with power station projects in Dezhou, Cangzhou, and other locations, thereby enhancing the overall competitiveness and bargaining power of the Group within the energy storage industry chain. The Group will continue to proactively optimise the supply chain process, improve production efficiency, and adjust procurement strategies to maintain the competitiveness and the capability in operational efficiency of the EMS business.

In expanding its aerospace business, the Group will newly establish its industrial presence in the sector of aerospace-grade high-purity titanium materials. The expansion will cover aspects such as high-purity titanium material smelting and processing technologies, R&D of titanium-based modified new materials, and the application of aerospace satellite data and space information technology in areas such as precise positioning, remote monitoring, intelligent decision-making, and data services, so as to align with the development of ecosystems and trading platforms of the industry, and the establishment of production bases.

CHAIRMAN'S STATEMENT

Expansion into the New Energy Vessel Industry

At the same time, the Group intends to actively expand its new energy vessel business and promote technological and industrial synergies between this business and its operations of aerospace, precision manufacturing and energy industry. The related business operations will primarily focus on the R&D, manufacturing, and sales of new energy vessels; the development and deployment of charging infrastructure compatible with both vehicles and vessels; and the roll-out of a nationwide sales and service network. Leveraging the Group's long-term expertise in aerospace materials, energy management, thermal management, electronic control systems, and precision manufacturing, the Group intends to gradually drive the integrated application of, among others, artificial intelligence, new aerospace materials, new energy power systems, satellite data applications, and robotics technology in new energy vessel scenarios. On this basis, the Group will develop a range of new energy vessel industries showcasing intelligence, green development and high-value-added features. Additionally, this will serve as a key direction of business expansion of the Group into comprehensive energy equipment and advanced manufacturing application scenarios.

The Group believes that, with the investments in and construction of grid-side energy storage power station, R&D and production of energy storage systems and key equipment, and the industrialization of aerospace titanium materials and satellite data application projects, as well as the progressive advancement of the new energy vessel industry, the technological and industrial synergies among the four major segments, namely, aerospace, precision manufacturing, energy industry, and new energy vessels will be further strengthened. This will provide new drivers for optimizing the revenue structure and boosting profit growth of the Group starting from 2026.

Gratitude

The Group is deeply grateful for the continued support of the shareholders, customers and business partners. On behalf of the Company, I would like to express my sincere gratitude to the management and all our employees for the contributions they have made towards the Group's continued progress. The Board will continue to create greater value for both the Company and the Shareholders alike with the joint efforts with the management and all the employees.

By order of the Board

Gu Lin

Chairman and Executive Director

Hong Kong, 30 March 2026

CHAIRMAN'S STATEMENT



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Revenue by Customers' Geographical Location

The Group's revenue from continuing operations by geographical location, which is determined by the location of customers, is as follows:

	2025 RMB'000	2024 RMB'000
Continuing operations		
Hong Kong	308,205	26,488
Mainland China	178,385	177,715
South Korea	75,730	17,823
India	37,693	30,038
Australia	17,699	13,008
Germany	14,853	10,137
Vietnam	5,290	30,568
USA	1,003	6,165
Others	3,598	3,861
	642,456	315,803

Revenue by Product Type

During the Reporting Period, revenue from continuing operations of the EMS Business was generated by two principal product types. The table below summarises the amount of revenue generated and as a percentage of total revenue from each product category for the Reporting Period and for the year ended 31 December 2024, respectively:

	Revenue for the year ended 31 December			% of total revenue for the year ended 31 December		
	2025 RMB'000	2024 RMB'000	Change %	2025	2024	Change
Continuing operations						
PCBAs	339,427	230,667	47.2	52.8	73.0	-20.2
Fully-assembled electronic products	303,029	85,136	255.9	47.2	27.0	20.2
Total	642,456	315,803	103.4	100	100	-

MANAGEMENT DISCUSSION AND ANALYSIS

PCBAs

Based on the usage of the final electronic products which embedded with PCBAs, PCBAs can be broadly applied to electronic end products for three principal industries, namely banking and finance, telecommunications and smart device. The revenue generated from the sales of PCBAs increased by approximately 47.2% from approximately RMB230.7 million for the year ended 31 December 2024 to approximately RMB339.4 million for the Reporting Period. The increase in revenue is primarily attributable to a notable increase in demand from banking and finance sector during the Reporting Period.

Fully-assembled electronic products

The fully-assembled electronic products that are embedded with PCBAs primarily manufactured by the Company in-house mainly include mobile phones, mPOS, photovoltaic inverters, tablets and street lamp controller, which are sold under the respective brands of the customers or the brands of their ultimate customers. The revenue generated from sales of fully-assembled electronic products increased by approximately 255.9% from approximately RMB85.1 million for the year ended 31 December 2024 to approximately RMB303.0 million for the Reporting Period. The increase in revenue is primarily due to the launch of new products which contributed to additional sales during the Reporting Period.

Gross Profit and Gross Profit Margin by Product Type

Gross profit from continuing operations of the Group for the Reporting Period was approximately RMB38.2 million, representing a decrease of approximately RMB9.9 million or 20.6% as compared with approximately RMB48.1 million for the year ended 31 December 2024. Overall gross profit margin decreased from 15.2% for the year ended 31 December 2024 to 5.9% for the Reporting Period.

	Gross profit for the year ended 31 December			Gross profit margin for the year ended 31 December		
	2025 RMB'000	2024 RMB'000	Change %	2025 %	2024 %	Change %
Continuing operations						
PCBAs	30,384	34,575	-12.1	9.0	15.0	-6.0
Fully-assembled electronic products	7,831	13,547	-42.2	2.6	15.9	-13.3
Total	38,215	48,122	-20.6	5.9	15.2	-9.3

PCBAs

The gross profit derived from the sales of PCBAs decreased by approximately 12.1% to approximately RMB30.4 million for the Reporting Period (2024: RMB34.6 million). The gross profit margin decreased to approximately 9.0% for the Reporting Period (2024: 15.0%). The decrease in gross profit mainly attributable to the increase in cost of sales which outpaced the growth in revenue. The Group adopted a stable pricing strategy to retain customers and preserve its market position during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Fully-assembled electronic products

The gross profit derived from the sales of fully-assembled electronic products decreased by approximately 42.2% to approximately RMB7.8 million for the Reporting Period (2024: RMB13.5 million). The gross profit margin decreased to approximately 2.6% for the Reporting Period (2024: 15.9%), which was mainly due to the Group adopted a competitive pricing strategy to promote market penetration and expand its customer base, which led to the lower-margin sales for the new products.

Other Income

Other income from continuing operations of the Group for the Reporting Period was approximately RMB6.7 million comprises discretionary government grants, service income and sundry income. The decrease of other income was mainly due to decrease in rental income contributed by the disposed subsidiary during the Reporting Period.

Other Gains/(Losses), Net

Other gains, net of the Group from continuing operations for the Reporting Period of approximately RMB3.6 million mainly represented gain on disposal of properties, plant and equipment and others.

Selling and Distribution Expenses

Selling and distribution expenses from continuing operations mainly comprised (i) employee benefit expenses, which included salaries and allowance, social insurance contributions and staff welfare expenses for sales staff; (ii) transportation charges; (iii) sales commission paid to the sales agents in respect of customer introduction; and (iv) other expenses. For the Reporting Period, selling and distribution expenses amounted to approximately RMB12.7 million (2024: RMB15.6 million). Selling and distribution expense against revenue ratio from continuing operations remained at a very similar level, with approximately 2.0% for the Reporting Period and approximately 5.0% for the year ended 31 December 2024.

General and Administrative Expenses

General and administrative expenses from continuing operations mainly represented (i) employee benefit expenses, which included salaries and allowance, social insurance contributions and staff welfare expenses of administrative staff; (ii) depreciation expenses on right-of-use assets and properties, plant and equipment; (iii) legal and professional fees; and (iv) other expenses. For the Reporting Period, general and administrative expenses from continuing operations amounted to approximately RMB150.0 million (2024: RMB187.2 million), representing a decrease of approximately 19.8% as compared to the year ended 31 December 2024. The decrease in general and administrative expenses was mainly due to the decrease in employee benefit expenses resulting from reduced headcount of the Aerospace Business.

Impairment Losses on Properties, Plant and Equipment and Right-of-Use Assets

Impairment losses from continuing operations on properties, plant and equipment represented the impairment of properties, plant and equipment of the Aerospace Business. The Group had made an impairment on the relevant assets of the Aerospace Business according to the fair value less cost to sell amounted to RMB184.8 million during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2025, the Group lost control over certain aerospace assets in Hong Kong due to ongoing litigation and contractual disputes, to discontinue its Hong Kong aerospace operations. Consequently, management was determined that these assets are no longer expected to generate future economic benefits. As a result, an impairment loss totalling approximately RMB262.9 million was recognised during the year on the related property, plant, equipment, and right-of-use assets.

Impairment Losses on Financial Assets

Impairment losses from continuing operations on financial assets represented the provision of impairment of trade and bills receivables. For the Reporting Period, impairment of approximately RMB16.6 million was made against the trade and bills receivables were difficult to be recovered (2024: a reversal of impairment of approximately RMB0.9 million was made due to the impairment loss on trade and bills receivables recognised in prior years which has been collected).

Finance Costs, Net

The finance costs from continuing operations mainly comprised interest expenses on bank and other borrowings, bonds payable, lease liabilities and late interest on rental charges, while the finance income mainly represented interest income on cash and cash equivalents. For the Reporting Period, finance costs, net of the Group from continuing operations were approximately RMB19.6 million (2024: RMB17.3 million) representing an increase of approximately 13.0% as compared to the year ended 31 December 2024. The increase in finance costs, net was primarily due to the increased late interest on rental charges for the Reporting Period.

Income Tax Expense

Income tax expense from continuing operations amounted to approximately RMB1.8 million for the Reporting Period (2024: approximately RMB0.8 million). The increase in income tax expense is primarily attributable to the increase in deferred income tax during the Reporting Period.

Loss Attributable to Equity Holders of the Company

As a result of the factors discussed above, loss attributable to equity holders of the Company amounted to approximately RMB325.3 million for the Reporting Period as compared with that for the year ended 31 December 2024 of approximately RMB198.0 million.

LIQUIDITY AND CAPITAL RESOURCES

The Group funds its capital expenditure and working capital requirement for the conduct of its normal course of business by using a mix of internal resources and bank and other borrowings. The management of the Group closely monitors the Group's liquidity position to ensure the Group has a sufficient level of cash and banking facilities to meet its funding needs.

Net Current Liabilities

The Group had net current liabilities of approximately RMB193.2 million as at 31 December 2025 (2024: RMB161.7 million). The current ratio of the Group decreased from approximately 0.7 as at 31 December 2024 to approximately 0.6 as at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank and Other Borrowings

The bank and other borrowings of the Group amounted to approximately RMB88.0 million as at 31 December 2025 (2024: RMB123.0 million). The weighted average interest rate per annum of the Group's bank and other borrowings as at 31 December 2025 was 3.35% (2024: 3.48%). As at 31 December 2025, the bank and other borrowings were secured by shares of the Company's subsidiary, corporate guarantees provided by the Company's subsidiaries and a personal guarantee provided by one of the Directors, Mr. Ma Fujun and his wife, who is also a director of the Company's subsidiary (2024: secured by properties, equipment, shares of the Company's subsidiary, corporate guarantees provided by the Company and the Company's subsidiaries and a personal guarantee provided by one of the Directors, Mr. Ma Fujun). As at 31 December 2025, no bank deposit was pledged.

As at 31 December 2025 and 2024, the cash and cash equivalents, pledged bank deposits and restricted cash and bank and other borrowings were mainly denominated in RMB, HK\$, USD and Euro ("EUR"). The Group had unutilised banking facilities of approximately RMB17.4 million as at 31 December 2025 (2024: RMB20.0 million).

Capital Structure

As at 31 December 2024, the Company's issued share capital was HK\$5,040,740 and the number of issued shares of the Company was 504,074,000 ordinary shares (the "Share(s)") of HK\$0.01 each.

On 25 July 2025, the Company entered into a subscription agreement (the "**May 2025 Subscription Agreement**") with Ms. Ren Yue ("**Ms. Ren**"), an individual investor, pursuant to which the Company has conditionally agreed to allot and issue, and Ms. Ren has conditionally agreed to subscribe for 100,000,000 new Shares (the "**May 2025 Subscription Shares**") under the general mandate at the subscription price of HK\$0.65 per Share (the "**May 2025 Subscription**"). The subscription price of HK\$0.65 per May 2025 Subscription Share represents: (i) a discount of approximately 18.75% to the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the date of the May 2025 Subscription Agreement; and (ii) a discount of approximately 17.51% to the average of the closing prices per Share of HK\$0.788 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the May 2025 Subscription Agreement. The aggregate nominal value of the May 2025 Subscription Shares was HK\$1,000,000. Completion of the May 2025 Subscription took place on 27 August 2025 in accordance with the May 2025 Subscription Agreement. The net proceeds from the May 2025 Subscription (after deduction of expenses of the May 2025 Subscription) are approximately HK\$64.5 million. The net issue price of the May 2025 Subscription was approximately HK\$0.645 per Share. The Company has applied the net proceeds of the May 2025 Subscription as follows: (i) approximately HK\$60.9 million or 94.4% for general working capital, including but not limited to payment of salaries (approximately HK\$35.3 million or 54.7%), rental expenses (approximately HK\$3.0 million or 4.7%), utilities (approximately HK\$3.0 million or 4.7%), legal and professional fees (approximately HK\$12.4 million or 19.2%), office overheads (approximately HK\$3.6 million or 5.6%) and other administrative expenses (approximately HK\$3.6 million or 5.6%); and (ii) approximately HK\$3.6 million or 5.6% for operating expenses of the Group's aerospace business. Details of the May 2025 Subscription are set out in the announcements of the Company dated 25 July 2025, 1 August 2025, 15 August 2025 and 27 August 2025 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The May 2025 Subscription Shares were allotted and issued under the general mandate. The Directors consider that the May 2025 Subscription provided opportunities for the Company to raise capital and applied the net proceeds from the May 2025 Subscription for the general working capital of the Group including, but not limited to the ongoing administrative expenses of the Company and operating expenses of the Aerospace Business. Set out below is a summary of the allocation of the net proceeds of the May 2025 Subscription and the net proceeds of the subscription of Shares pursuant to the subscription agreements dated 18 October 2024 and entered into by the Company and Mr. Chen Lizhong and Mr. Liu Shoutang respectively in relation to the subscription of an aggregate of 71,524,000 Shares (the "2024 Subscriptions") and the utilisation as at 31 December 2025:

Fund raising activities	Use of proceeds	Approximate net proceeds (HK\$'000)	Actual use of approximate net proceeds during the Reporting Period (HK\$'000)	Unutilised approximate net proceeds as at the end of the Reporting Period (HK\$'000)	Expected timetable for utilisation of unutilised net proceeds
May 2025 Subscription	General working capital	64,500	64,500	–	N/A

Fund raising activities	Use of proceeds	Unutilised approximate net proceeds as at 31 December 2024 (HK\$'000)	Actual use of approximate net proceeds during the Reporting Period (HK\$'000)	Unutilised approximate net proceeds as at the end of the Reporting Period (HK\$'000)	Expected timetable for utilisation of unutilised net proceeds
2024 Subscriptions	General working capital	27,340	27,340	–	N/A

As at 31 December 2025, the Company's issued share capital was HK\$6,040,740 and the number of issued shares of the Company was 604,074,000 ordinary shares of HK\$0.01 each.

Gearing Ratio

The gearing ratio, which is calculated by total bank and other borrowings, bond payable and loans from related companies divided by total equity, was approximately 75.6% and 195.9% as at 31 December 2025 and 31 December 2024, respectively. The decrease in gearing ratio was due to repayment of bank and other borrowings and loan from related companies during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Exposure and Exchange Rate Risk

The Group's assets, liabilities and transactions are mainly denominated in RMB, HK\$, USD and EUR, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than the respective functional currencies of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. During the Reporting Period, the Group did not engage in any hedging transactions or enter into any financial instrument for hedging purpose. The management closely monitors the foreign currency exposure from time to time.

Capital Expenditure

For the Reporting Period, the Group had capital expenditure of approximately RMB17.2 million (2024: RMB9.5 million). The capital expenditure was mainly related to the construction of the Hong Kong satellite operation control and application centre.

DIVIDEND

The Board did not recommend the payment of an interim or a final dividend for the Reporting Period (2024: Nil).

The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

EMPLOYEES AND EMOLUMENTS POLICY

The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, commission, bonuses and the Group's contribution to mandatory provident funds or state-managed retirement benefits scheme.

As at 31 December 2025, the Group had 306 employees from continuing operations with a total remuneration of approximately RMB88.1 million during the Reporting Period (2024: RMB123.8 million). The remuneration packages of the employees, which were reviewed regular by the Group, were determined with reference to individual performance, work experience, qualification and current industry practices. The Group also arranged induction and regular trainings for the staff.

CAPITAL COMMITMENT

As at 31 December 2025, the Group's capital commitment amounted to approximately RMB2.2 million (2024: RMB185.3 million). The capital commitment was mainly related to the equipment of EMS business. The Group's capital commitments were principally financed by the internal resources of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

Save as disclosed in this report, the Group did not have any material contingent liabilities as at 31 December 2025 (2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2025.

LITIGATION

Tenancy Agreement

On 9 December 2024, the Group's three subsidiaries, namely (i) Aspace Satellite Technology Limited ("**ASTL**"), (ii) Hong Kong Aerospace Satellite Tracking and Control Limited ("**HKASTCL**") and (iii) Hong Kong Aerospace Satellite Data Limited ("**HKASDL**"), were respectively served as the defendant a writ of summons together with an indorsement of claim (the "**Writs**") dated 6 December 2024 issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by HKSTP under three separate actions (the "**Actions**").

As stated in the respective Writs, HKSTP purportedly claimed against ASTL, HKASTCL and HKASDL for, among other things, vacant possession of certain premises of Data Technology Hub in Tseung Kwan O Industrial Estate, No. 5 Chun Cheong Street, Tseung Kwan O, New Territories, Hong Kong and Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate, No. 18 Chun Cheong Street, Tseung Kwan O, New Territories, Hong Kong rented respectively by ASTL, HKASTCL and HKASDL under the tenancy agreements (the "**Tenancy Agreements**") and the outstanding rent, management charges and outgoings in the total sum of approximately HK\$105.2 million, the interest accrued thereon and other damages for the alleged breach of the Tenancy Agreements.

As at the date of this report, the Company has disposed of all the equity interest in ASTL, HKASTCL and HKASDL and the Actions are no longer related to the Group and the Company does not expect the Actions to have any material adverse impact on the ordinary operation and financial positions of the Group. Details of the Writs and the Actions are set out in the announcement of the Company dated 13 December 2024. The Company has sought legal advice on defending the Actions against the Group.

Loan Agreement

On 13 August 2025, ASTL entered into a loan agreement (the "**Loan Agreement**") in relation to the term loan facility of HK\$42.1 million (the "**Loan**") and the equipment charge (the "**Equipment Charge**"), with Prime Bridge Capital Ltd. (the "**Lender**"). The maturity date of the Loan shall be a date falling one (1) month after the relevant drawdown date, or such other days as both the Lender and ASTL may agree. Pursuant to the Equipment Charge, the Equipment Charge shall be enforceable on the occurrence of an event of default under the Loan Agreement. The equipment charged under the Equipment Charge includes not limited to vacuum thermal testing system, vibration testing system, magnetic testing system, scanning testing system, electromagnetic compatibility (EMC) testing system and other satellite assembly process supporting equipment and has a book value of approximately HK\$105.5 million as at 13 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the Loan Agreement and the Equipment Charge, the taking possession of the equipment is one of the conditions precedent for the provision of the Loan. The Lender subsequently took possession of the equipment by removing the equipment from the premises occupied by ASTL on 13 October 2025.

On 23 October 2025, ASTL received a notice from the Lender that all its rights, title, interest, benefit and advantage in the Loan and the Equipment Charge were assigned and transferred to Wood Trading FZCO. On the same date, ASTL received a further notice from Wood Trading FZCO that (i) there was an event of default of the Loan Agreement and the Loan was due and payable and demanded for repayment; and (ii) the Equipment Charge was enforceable and was thereby enforced.

Given that the Lender and/or Wood Trading FZCO has provided the full amount of the Loan of HK\$42.1 million, the Company has sought legal advice from legal counsel and is advised that having failed to repay the Loan, ASTL is in breach of the Loan Agreement. The Company considers that the Loan has been settled after the enforcement of the Equipment Charge and transferred the charged equipment of approximately HK\$42.1 million to the Lender during the year.

Details of which are set out in the announcement of the Company dated 31 October 2025.

As at the date of this report, the Company has disposed of all the equity interest in ASTL, HKASTCL and HKASDL. After the disposal, ASTL ceased to be a subsidiary of the Company. The aforementioned contractual dispute are no longer related to the Company. Details of the "Disposal Agreement" are set out in the section "Events after the Reporting Period" of this report.

EVENTS AFTER THE REPORTING PERIOD

Subscription of New Shares and Placing of New Shares

On 5 December 2025, the Company entered into subscription agreements (the "**Subscription Agreements**") with the subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have conditionally agreed to subscribe for, an aggregate of 160,926,000 subscription shares at the subscription price of HK\$0.560 per subscription share (the "**Subscription**"); and the Company entered into the placing agreement (the "**Placing Agreement**") with the placing agent pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 90,000,000 placing shares at the placing price of HK\$0.560 per placing share to not less than six places who and whose ultimate beneficial owners (if applicable) are independent third parties (the "**Placing**"), respectively.

The Subscription and the Placing were duly approved by the Shareholders by way of poll at an extraordinary general meeting of the Company held on 11 February 2026. The completion of the Subscription took place on 23 March 2026 and as at the date of this report (i.e. 30 March 2026), the Placing is still in progress. Details of which are set out in the announcements of the Company dated 5 December 2025, 27 January 2026, 11 February 2026, 4 March 2026 and 23 March 2026, and the circular of the Company dated 27 January 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Disposal Agreement

On 9 March 2026, the Company as the seller entered into a share purchase agreement (the “**Disposal Agreement**”) with Van Minh Technology Service Trading Company Limited as the buyer in relation to the sale and purchase of the entire issued shares of Aspace Holdings Limited (being the holding company of ASTL), Prestige Dragon Holdings Limited (being the holding company of HKASDL and Supreme Class International Limited (being the holding company of HKASTCL) (collectively, the “**Disposal Companies**”, and together with their respective subsidiaries, the “**Disposal Group**”) at the consideration of US\$2 million. Completion of the disposal took place on 9 March 2026. After the disposal, each member of the Disposal Group ceased to be a subsidiary of the Company.

MATERIAL ACQUISITIONS, DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND SIGNIFICANT INVESTMENTS

On 22 November 2024, Huizhou City Eternity Company Limited* (惠州市弘盛昌科技有限公司) (the “**Vendor**”) (a wholly-owned subsidiary of the Company), Huizhou City Long Ming Technology Company* (惠州市隆明科技有限公司) (the “**Purchaser**”) and Huizhou City Eternity Technology Company* (惠州市恒昌盛科技有限公司) (the “**Target Company**”) entered into an agreement (the “**Agreement**”), pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire paid-up capital of the Target Company at a consideration of RMB27,100,000 (the “**Eternity Technology Disposal**”). As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Eternity Technology Disposal exceeds 5% but is less than 25%, the Eternity Technology Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. All conditions precedent under the Agreement have been fulfilled and the completion took place on 18 July 2025 in accordance with the terms and conditions of the Agreement. Details of the Eternity Technology Disposal are set out in the announcements of the Company dated 22 November 2024 and 18 July 2025.

Save as disclosed in this report, there were no material acquisitions, disposals of subsidiaries, associates and joint ventures and significant investments during the Reporting Period.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company (the “**Senior Management**”) as at the date of this annual report are set out as follows:

EXECUTIVE DIRECTORS

Mr. Gu Lin (“Mr. Gu”)

Mr. Gu, aged 63, was appointed as an executive Director and the chairman of the Board (the “**Chairman**”) in October 2025. He obtained a doctorate degree in ferrous metallurgy from the School of Metallurgy, University of Science and Technology Beijing in 2010.

Mr. Gu has participated in the preliminary research, demonstration, review, evaluation, and acceptance of many major national projects, including the South-to-North Water Diversion Project, the West-to-East Gas Transmission Project, the “15th Five-Year Plan” Tibet Nomadic Resettlement Project, and the Baosteel Group Zhanjiang Steel Base Construction Project. He is the co-author of Comrade Shi Qirong's memoirs, 《共和國的鋼鐵歲月》 (translated as “The Steel Years of the Republic”).

From 1984 to 1988, Mr. Gu worked at 中國化學工業部化工機械研究院 (translated as the Chemical Machinery Research Institute of the Ministry of Chemical Industry of the PRC) (which subsequently merged with 中國化學工業部自動化研究所 (translated as the Automation Research Institute of the Ministry of Chemical Industry of the PRC) and transformed into 天華化工機械及自動化研究設計院股份有限公司 (translated as Tianhua Chemical Machinery and Automation Research and Design Institute Co., Ltd.) (Shanghai Stock Exchange stock code: 600579)), as a member of the Youth League Committee, deputy secretary, and secretary of the Party Branch of the Sixth Research Office. He was awarded the bronze medal of “National New Long March Commando” and the silver medal of “Four-Have Youth”. From 1988 to 1998, Mr. Gu worked at 中國化學工業部化工裝備總公司 (translated as the Chemical Equipment Corporation of the Ministry of Chemical Industry of the PRC), serving as deputy director and director. From 2006 to 2022, he worked at the Investment Association of China as deputy secretary-general. Mr. Gu retired in January 2023.

Mr. Chen Youan (“Mr. Chen”)

Mr. Chen, aged 67, was appointed as an executive Director and the deputy chairman of the Board (the “**Deputy Chairman**”) in November 2025. He obtained a bachelor's degree in engineering from Northeast Institute of Electric Power in January 1982 and obtained a certificate in research studies from Nomura Institute of Research in November 1985. Mr. Chen obtained a doctor's degree in engineering majoring in management science and engineering from Tianjin University in March 2002.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen served as deputy general manager of 中國匯金投資有限公司 (translated as Central Huijin Investment Ltd.) from July 2008 to April 2016. He was chairman and director of 中國銀河金融控股有限責任公司 (translated as China Galaxy Financial Holdings Company Limited (“**Galaxy Financial Holdings**”)) from December 2009 to June 2011, director and general manager of Galaxy Financial Holdings from June 2011 to June 2012, and chairman and director of Galaxy Financial Holdings from June 2012 to April 2016, and chairman and non-executive director of China Galaxy Securities Co., Ltd. (a company whose issued H shares are listed on the Main Board of the Stock Exchange (stock code: 6881) and whose issued A shares are subsequently listed on Shanghai Stock Exchange (stock code: 601881)) from January 2010 to April 2016. From May 1997 to December 1999, he served as deputy bureau chief at China Development Bank's eastern region credit bureau. From December 1999 to June 2002, Mr. Chen was president of China Development Bank's Lanzhou branch. From June 2002 to December 2007, he was assistant to the governor of Gansu Province, during which time he also served as director-general of the Trade and Economic Cooperation Department of Gansu Province, the Commerce Department of Gansu Province, and the rural credit cooperative union of Gansu Province.

In 2013, Mr. Chen was awarded the “China Securities Golden Bauhinia Award-Most Influential Listed Company Leader” by the Hong Kong Securities and Futures Commission, the Stock Exchange, Hong Kong Securities Association, and Ta Kung Pao.

Mr. Chen respectively serves as the independent director of 國聯安基金 (translated as Shanghai Guolian An Fund), a joint venture between Allianz Germany and China Pacific Insurance Company, since April 2019 and 瀘州老窖股份有限公司 (translated as Luzhou Laojiao Co., Ltd.), a company whose issued shares are listed on Shenzhen Stock Exchange (stock code: 000568) since June 2021, 天邦食品股份有限公司 (translated as Tianbang Food Co., Ltd.), a company whose issued shares are listed on Shenzhen Stock Exchange (stock code: 002124) since May 2022.

Mr. Lu Huasheng (“Mr. Lu”)

Mr. Lu, aged 63, was appointed as an executive Director in November 2025. He graduated from the Central Institute of Finance and Economics (currently known as the Central University of Finance and Economics) with a bachelor's degree in economics in July 1984, majoring in infrastructure finance and credit. From December 2002 to November 2003, Mr. Lu was sponsored by the government to pursue a Master of Business Administration program at the University of Canberra, Australia.

From 1984 to 2005, Mr. Lu was primarily engaged in the audit of national major investment projects at the Fixed Asset Investment Audit Department of the National Audit Office of the PRC, serving as deputy director and director. From 2005 to 2009, he served as a deputy director of the Fixed Asset Investment Audit Department of the National Audit Office of the PRC. From 2009 to 2014, Mr. Lu served as a member of the Leading Party Members Group and Deputy Commissioner of the Taiyuan Special Commissioner's Office of the National Audit Office of the PRC, primarily responsible for auditing investment projects, central state-owned enterprises, and resource and environmental protection. From 2014 to 2022, he served as deputy director-general of the Fixed Asset Investment Department of the National Audit Office of the PRC, and a director-general-level auditor (First level Inspector). Mr. Lu retired in November 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Over the years, Mr. Lu has been engaged in auditing various national major investment projects and related departments and enterprises, such as high-speed rail, expressways, ports, airports, power, water conservancy, the Three Gorges Project, the South-to-North Water Diversion Project, the West-East Natural Gas Transmission Project, the Beijing Olympic Games projects, as well as audits of entities and other central enterprises such as the State Grid Corporation of China. He has achieved notable results and accumulated extensive professional experience. He is familiar with the research and development of new materials industries, the application of artificial intelligence, and the manufacturing of equipment and instruments in certain enterprises. Mr. Lu has a comprehensive understanding of national policies related to public finance, finance, investment, and enterprise management regulations, as well as a deep grasp of the systems and norms governing the financial and audit supervision of state-owned enterprises.

Mr. Zhang Yuanqi (“Mr. Zhang”)

Mr. Zhang, aged 64, was appointed as an executive Director in October 2025. He obtained a doctorate degree in Industrial Economics from Wuhan University of Technology in 2019. Mr. Zhang is a research fellow-level senior accountant.

Mr. Zhang worked as a teacher at the Central University of Finance and Economics from 1987 to 1992, and was transferred to 中國航空航天工業部 (translated as the Ministry of Aerospace Industry of the PRC) in 1992. He has served as deputy director and director of 中國航空工程承包開發公司 (translated as China Aviation Engineering Contracting and Development Corporation), deputy chief accountant and director of the Planning and Finance Department of 中國航空建設發展總公司 (translated as China Aviation Construction and Development Corporation), deputy chief accountant of 中國航空工業規劃設計研究院 (translated as China Aviation Industry Planning and Design Institute), chief accountant of 中國航空國際建設投資有限公司 (translated as China Aviation International Construction Investment Co., Ltd.), specialist executive of 中國航空規劃設計研究總院有限公司 (translated as China Aviation Planning and Design Institute (Group) Co., Ltd.), and director of 中國航空工業新能源公司 (translated as China Aviation Industry New Energy Company).

Mr. Ma Fujun (“Mr. Ma”)

Mr. Ma, aged 52, was first appointed as a Director in March 2017, and was re-designated as an executive Director in February 2018. He also held the positions as the Chairman and Chief Executive Officer until June 2021. Mr. Ma attended Xi'an University of Technology from September 1994 to July 1997 and obtained a Junior College Education Degree in Mechatronic Engineering in July 1997.

Mr. Ma has over 19 years of experience in electronics engineering. From March 2001 to May 2011, he served as the general manager, legal representative and chairman of the board of directors of Shenzhen Active Tactics Electronics Company Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yao Xinguo (“Mr. Yao”)

Mr. Yao, aged 63, was appointed as an independent non-executive Director, the chairman of the nomination committee (the “**Nomination Committee**”) and a member of each of the audit committee (the “**Audit Committee**”) and the remuneration committee (the “**Remuneration Committee**”) of the Company in October 2025. He graduated from the School of Electronic Technology of People’s Liberation Army Information Engineering University in September 1981. Mr. Yao studied at China University of Geosciences from September 2004 to June 2008 and obtained a doctorate degree.

Mr. Yao joined the army in August 1979 and served as a confidential officer in the Sixth Department of the Confidential Affairs Bureau of the General Staff of the People’s Liberation Army in September 1983. He was promoted to a deputy company-level confidential officer in September 1987. Mr. Yao was awarded the Third Class Merit in December 1991 and the Third Class Merit in May 1998 as a confidential officer of secrets protection bureau in the General Office of The Central Military Commission. He served in the National Development and Reform Commission of the PRC in September 2007, served as the standing deputy secretary of the Party Committee of a department under the National Energy Administration of the PRC in March 2008, became the director of the Personnel Department of the National Energy Administration in March 2009, and served as the party secretary of a department under the National Development and Reform Commission of the PRC in July 2012. Mr. Yao served as the director of the National Petroleum Reserve Center of the PRC in May 2015, the deputy director of the Information Center of the National Development and Reform Commission of the PRC in August 2017, the deputy head of the Inspection Team of the State Grid Corporation of China in February 2018, and the second-class consultant of the Power Trading Center of the State Grid Corporation of China in May 2021.

Mr. Boris Tadić (“Mr. Tadić”)

Mr. Tadić, aged 68, was appointed as an independent non-executive Director in October 2024, and the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee in October 2025. He graduated from the Faculty of Philosophy at the University of Belgrade, studying Social Psychology. Mr. Tadić later served as a lecturer at the University of Belgrade, and received an Honorary Doctorate from Dimitrie Cantemir Christian University in 2009.

Mr. Tadić was formerly the President of Serbia from 2004 to 2012. Prior to that he served as the Minister of Defense of Serbia and Montenegro from 2003 to 2004 and the Minister of Telecommunications of Serbia and Montenegro from 2000 to 2003.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Chow Yin Kwan Yvonne (“Ms. Chow”)

Ms. Chow, aged 35, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee in October 2025. She obtained a Master's degree in Religious Studies from Yale Divinity School, Yale University in May 2016 and a Bachelor's degree in Government and Political Science from Smith College in May 2014.

Ms. Chow previously worked at an international accounting firm, gaining professional experience in providing audit and advisory services to listed companies. She is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and a fellow member of the Taxation Institute of Hong Kong.

Ms. Chow has been a practicing director of KTC Partners CPA Limited since 2023. She has extensive experience and possesses broad expertise in auditing, corporate finance and taxation.

Ms. Chow served as a director and manager of KTC Partners CPA Limited from January 2023 to date and from October 2022 to December 2022, respectively; and as an audit manager and audit officer of Crowe (HK) CPA Limited from January 2021 to September 2022 and from January 2019 to December 2020, respectively.

SENIOR MANAGEMENT

Mr. Guan Yibo (“Mr. Guan”)

Mr. Guan, aged 63, was appointed as the chief executive officer of the Company in October 2025. He graduated from the Department of World Economics of Shanghai University of Finance and Economics with a major in International Finance in July 1984 and from the School of Business Administration of Sun Yat-sen University in Guangzhou in July 1998. Mr. Guan has over 40 years of management experience. Mr. Guan has extensive experience in the aviation industry and international trust investment.

Mr. Guan has served as the chairman and legal representative of 廣東新瑞恒道投資控股集團 (translated as Guangdong Xinrui Hengdao Investment Holding Group) since November 2021, where he is engaged in fund management and mergers and acquisitions. He has served as the chairman and legal representative of 深圳盛銀資產管理有限公司 (translated as Shenzhen Shengyin Asset Management Co., Ltd.) since November 2015. From 2020 to September 2025, Mr. Guan served as an independent director of 易事特集團股份有限公司 (translated as Easy Group Co., Ltd.) (“**Easy Group**”) (Shenzhen Stock Exchange stock code: 300376) and the chairman of the remuneration management committee. From January 2020 to June 2020, he was responsible for the preparatory work of the Aviation Economy Innovation and Development Committee at the China Society of Aeronautics. From February 2012 to January 2020, he served as director and deputy general manager of 廣東省機場管理集團有限公司 (translated as Guangdong Airport Authority

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Co., Ltd.) ("**Guangdong Airport Authority**"). From April 2012 to June 2020, he served as a director of 廣州白雲國際機場股份有限公司 (translated as Guangzhou Baiyun International Airport Co., Ltd.) (Shanghai Stock Exchange stock code: 600004). Mr. Guan served as the chairman and party secretary of 廣州國際集團有限公司 (translated as Guangzhou International Group Co., Ltd.); vice chairman and general manager and was in charge of the Hong Kong subsidiary Yue Xinlong Finance Co., Ltd.; and served as deputy general manager of 廣州國際信託投資公司 (translated as Guangzhou International Trust and Investment Corporation).

Ms. Tsang Lixia ("Ms. Tsang")

Ms. Tsang, aged 42, was appointed as the deputy chief executive officer and the enterprise cluster chief executive officer of the Company in October 2025. She has over 15 years of extensive experience in commercial real estate development and enterprise management.

Ms. Tsang has served as special assistant to the chairman and general manager of a famous multinational company since 2010. During this time, she led and participated in the development of the overall development, investment analysis, and strategic planning of company's important projects. She oversaw the full lifecycle of these projects, including land acquisition, planning and design, cost control, and investment attraction and operations.

Mr. Yang Lei ("Mr. Yang")

Mr. Yang, aged 53, was appointed as the deputy chief executive officer of the Company in October 2025. He holds a Bachelor of Engineering from 西安公路交通大學 (translated as Xi'an University of Highway Transportation) (currently known as Chang'an University) and a Master of Business Administration from Jinan University. He is a senior engineer; a visiting professor at Civil Aviation University of China; an expert with special allowance from the State Council of the PRC; a recipient of the Guangdong Provincial May 1st Labor Medal; and a model science and technology worker in Guangdong Province.

From July 1995 to November 2019, Mr. Yang served as the commander of the Chaoshan Airport Engineering Construction Headquarter of the Guangdong Airport Authority; commander-in-chief of the group's Engineering Construction Headquarter of the Guangdong Airport Authority; and director and general manager of 廣東民航機場建設有限公司 (translated as Guangdong Civil Aviation Airport Construction Co., Ltd.).

From April 2020 to January 2022, Mr. Yang served as the chairman of 廣東恒信基金管理有限公司 (translated as Guangdong Hengxin Fund Management Co., Ltd.) and the chairman of 廣東省農業供給側結構性改革基金公司 (translated as Guangdong Agricultural Supply-side Structural Reform Fund Co., Ltd.), and is responsible for the investment operations of industrial funds.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the trust of Shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance codes to meet the legal and commercial standards by focusing on areas such as internal control, adequate disclosure and accountability to all Shareholders.

The Company has complied throughout the Reporting Period with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Listing Rules. The Company is in full compliance with the code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry with all Directors by the Company, each of them confirmed his/her compliance with the required standard set out in the Model Code during the Reporting Period.

THE BOARD

Composition

As at the date of this annual report, the Board comprised eight Directors, including five executive Directors and three independent non-executive Directors. The composition of the Board during the Reporting Period and up to the date of this annual report is set out as follows:

Executive Directors

Mr. Gu Lin (*Chairman*) (*appointed on 13 October 2025*)

Mr. Chen Youan (*Deputy Chairman*) (*appointed on 12 November 2025*)

Mr. Lu Huasheng (*appointed on 12 November 2025*)

Mr. Zhang Yuanqi (*appointed on 13 October 2025*)

Mr. Ma Fujun

H.E. Mohamed Ben Amor (*Chairman*) (*resigned on 13 October 2025*)

H.H. Shaikh Mohammed Maktoum Juma Al-Maktoum (*Deputy Chairman*) (*resigned on 18 August 2025*)

Dr. Fabio Favata (*resigned on 13 October 2025*)

Non-executive Directors

Mr. Alhamedi Mnahi F Alanezi (*resigned on 13 October 2025*)

Professor Christian Feichtinger (*resigned on 13 October 2025*)

Mr. Nathan Earl Whigham (*resigned on 13 October 2025*)

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

Mr. Yao Xinguo (appointed on 13 October 2025)

Mr. Boris Tadić

Ms. Chow Yin Kwan Yvonne (appointed on 13 October 2025)

Ms. Barbara Jane Ryan (resigned on 13 October 2025)

Mr. Juan de Dalmau-Mommertz (resigned on 13 October 2025)

Mr. Marwan Jassim Sulaiman Jassim Alsarkal (resigned on 13 October 2025)

Ms. Kwok Pui Ha (appointed on 1 July 2025 and resigned on 13 October 2025)

Mr. Hung Ka Hai Clement (resigned on 1 July 2025)

None of the members of the Board is related to one another. The biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 19 to 24 of this annual report.

Save as disclosed in this annual report, the Company complied with the requirements of the Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), of which at least one of the independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise.

Mr. Gu Lin and Mr. Zhang Yuanqi were appointed as executive Directors on 13 October 2025; Mr. Chen Youan and Mr. Lu Huasheng were appointed as executive Directors on 12 November 2025; and Mr. Yao Xinguo and Ms. Chow Yin Kwan Yvonne were appointed as independent non-executive Directors on 13 October 2025, respectively. Mr. Gu Lin, Mr. Zhang Yuanqi, Mr. Lu Huasheng, Mr. Yao Xinguo and Ms. Chow Yin Kwan Yvonne obtained the legal advice on 13 October 2025 and Mr. Chen Youan obtained the legal advice on 12 November 2025 from the legal advisers of the Company to advise on Hong Kong law referred to in Rule 3.09D of the Listing Rules and had confirmed that they understood their obligations as the Directors, the requirements under the Listing Rules that are applicable to them as the Directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Board skills matrix

As at the date of this report, the Board comprised eight Directors. The following table provides an overview of the structure, skills and expertise, competencies and diversity profile of the Board:

Name of Directors	Structure and Size		Skills and Experience			
	Gender	Professional Expertise (Accounting and Finance/ Legal and Regulatory)	Leadership	Strategic Planning and Business Development	Risk Management	Sustainability
Executive Directors						
Mr. Gu Lin	M		●	●	●	
Mr. Chen Youan	M		●	●	●	●
Mr. Lu Huasheng	M	●	●	●	●	●
Mr. Zhang Yuanqi	M	●	●	●	●	
Mr. Ma Fujun	M	●	●	●	●	
Independent non-executive Directors						
Mr. Yao Xinguo	M		●	●	●	●
Mr. Boris Tadić	M		●	●	●	
Ms. Chow Yin Kwan Yvonne	F	●	●	●	●	●

F: Female

M: Male

CORPORATE GOVERNANCE REPORT

Roles and Responsibilities

The Board is collectively responsible for leadership, direction, supervision, and control of the Company's affairs, aiming to promote the long-term success of the Group. It makes decisions objectively in the best interests of the Company and the Shareholders to achieve the strategic business objectives with a focus on value creation while managing business risks. The Board also sets internal policies to monitor and control the operating and financial performance of the Group.

Executive Directors have extensive experience in corporate management and professional knowledge. They participate in the day-to-day business operations of the Company. Non-executive Directors and independent non-executive Directors contribute a wide range of business, technological and financial experience, expertise, and international perspectives to the Board discussion. Independent non-executive Directors have years of experience in finance, audit, and corporate governance. They are involved in scrutinising the Group's performance, providing independent opinions and views, upholding corporate standards of conduct and monitoring reporting processes to achieve agreed corporate goals and strategic objectives.

The Board has delegated the authority and responsibilities to the board committees and the Senior Management for formulating business plans, exploring new business opportunities, implementing strategies, and managing daily business administration and operations. The Board is monitoring and reviewing the performance of the delegated functions and work tasks on a regular ongoing basis proactively through reporting and meeting with the Senior Management.

All Board members are provided with sufficient resources to discharge their duties and have access to the Senior Management for requesting further information and documents related to the matters be discussed in the Board meetings, upon reasonable request, to seek independent professional advice under appropriate circumstances, at the Company's expense. All Directors also have access to the company secretary of the Company (the "**Company Secretary**"), who is responsible for ensuring the Board procedures and all applicable rules and regulations are complied with.

Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

- to develop and review the policies and practices on corporate governance of the Group and make recommendations;
- to review and monitor the training and continuous professional development of Directors and Senior Management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

CORPORATE GOVERNANCE REPORT

Directors are fully committed to their roles and have acted in the best interests of the Company and its Shareholders at all times. There is no financial, business, family or other material/relevant relationship among the Directors and the chief executives.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Company has arranged appropriate Directors and Officers Liability Insurance in respect of legal action against the Directors and officers of the Company. The insurance coverage is reviewed on an annual basis.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2025, which give a true and fair view of the financial position of the Group in accordance with the applicable accounting standards.

Save as disclosed in note 2.1(a) to the consolidated financial statements and the paragraph headed "Material Uncertainty related to Going Concern" in the Independent Auditor's Report on pages 136 to 137 of this annual report, the Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the independent auditor of the Company about its reporting responsibilities for the consolidated financial statements set out in the Independent Auditor's Report on pages 140 to 141 of this annual report.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions of corporate governance. The Board and its committees have adopted terms of references including at least the functions and responsibilities as set out in code provision A.2.1 of the CG Code, constantly reviewed and discussed the corporate governance practices and policies of the Company, the code of conduct applicable to the Directors and the employees, the training and the continuous professional development of the Directors and the compliance with the CG Code and the disclosure in this Corporate Governance Report.

During the Reporting Period, the Board performed the duties relating to the abovementioned corporate governance matters and was satisfied with the effectiveness of the corporate governance policy of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman of the Board and the chief executive officer of the Company (the "CEO") are separate and exercised by different individuals to reinforce their independence and accountability. During the year, Mr. Gu Lin succeeded H.E. Mohamed Ben Amor as the Chairman from 13 October 2025 and Mr. Guan Yibo succeeded Mr. Sun Fengquan as the CEO from 13 October 2025, respectively. The Chairman is responsible for leading and overseeing the performance of the Board, ensuring effective communication with Shareholders, and representing the Company in communication with external parties. The CEO oversees the daily leadership and management of the business by implementing the strategies and direction set by the Board. The respective responsibilities are clearly defined and set out in writing.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, technology, finance, and corporate governance. Their skills, expertise and the number on the Board ensure that strong independent views and judgement are brought into the Board's deliberation and that such vulnerable inputs carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain a high standard of compliance with financial and other mandatory reporting requirements and provide adequate checks and balances to safeguard the interests of the Company and the Shareholders.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence under Rule 3.13 of the Listing Rules and none of them is involved in the daily management of the Company nor in any relationship or circumstances which would materially interfere with their exercise of independent judgement. The Company considers all independent non-executive Directors to be independent during the Reporting Period.

All independent non-executive Directors confirmed that they have devoted sufficient time to perform their duties as Directors and have given enough attention to the Company affairs during their tenure of office.

BOARD MEETINGS

Board meeting is an occasion structured for open discussion and frank debate between Board members on matters related to the development and affairs of the Company. The Board meets regularly and communicates as and when required. During the Reporting Period, the Board held 7 meetings. Sufficient notices are given to all Directors at least 14 days before the Board meetings. All Directors are consulted on whether to include each of the matters in the agenda. Agenda and accompanying Board papers are given to all Directors in a timely manner before the date of Board meetings. Drafts and final versions of Board minutes are circulated to all Directors for comments, approval and record.

PROCEEDINGS OF BOARD MEETINGS AND BOARD COMMITTEES MEETINGS

The Board may meet for the dispatch of business, adjourn and otherwise regulate its meeting and proceedings as it thinks fit and may determine the quorum necessary for the transaction of business and, unless so fixed at any other number, shall be at least two. A meeting of the Board or any committee of the Company may be held by means of telephone, electronic or other communication facilities so as to facilitate the participation of all relevant persons in the meeting.

Any Director who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than a written resolution. When a Director or any of his/her close associates involved in a proposal of a Board meeting have connected relations, such Director shall abstain from voting and not be counted in the quorum at meetings for approving such transactions.

CORPORATE GOVERNANCE REPORT

Set out below are the attendance record of Board meetings, Board committee meetings and general meetings of the Company for the Reporting Period:

Name of Directors	Number of meetings attended/held					
	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Annual General Meeting	Extraordinary General Meeting
Executive Directors						
Gu Lin (Chairman) ⁽¹⁾	2/3	0/0	0/0	0/0	0/0	1/1
Chen Youan (Deputy Chairman) ⁽²⁾	1/1	0/0	0/0	0/0	0/0	0/0
Lu Huasheng ⁽³⁾	1/1	0/0	0/0	0/0	0/0	0/0
Zhang Yuanqi ⁽⁴⁾	3/3	0/0	0/0	0/0	0/0	1/1
Ma Fujun	4/7	0/0	0/0	0/0	0/1	0/1
H.E. Mohamed Ben Amor ⁽⁵⁾	4/4	0/0	1/1	0/0	1/1	0/0
H.H. Shaikh Mohammed Maktoum Juma Al-Maktoum ⁽⁶⁾	0/1	0/0	0/0	0/0	0/1	0/0
Dr. Fabio Favata ⁽⁷⁾	0/4	0/0	0/0	0/0	0/1	0/0
Non-executive Directors						
Mr. Alhamedi Mnahi F Alanezi ⁽⁸⁾	1/4	0/0	0/0	0/0	0/1	0/0
Professor Christian Feichtinger ⁽⁸⁾	4/4	0/0	0/0	0/0	0/1	0/0
Mr. Nathan Earl Whigham ⁽⁸⁾	1/4	0/0	0/0	0/0	0/1	0/0
Independent non-executive Directors						
Mr. Yao Xinguo ⁽⁹⁾	3/3	1/1	1/1	1/1	0/0	1/1
Mr. Boris Tadić ⁽¹⁰⁾	6/7	0/1	0/1	0/1	0/1	0/1
Ms. Chow Yin Kwan Yvonne ⁽¹¹⁾	2/3	1/1	1/1	1/1	0/0	1/1
Ms. Barbara Jane Ryan ⁽¹²⁾	3/4	1/2	0/1	0/1	0/1	0/0
Mr. Juan de Dalmau-Mommertz ⁽¹³⁾	4/4	0/0	1/1	1/1	0/1	0/1
Mr. Marwan Jassim Sulaiman Jassim Alsarkal ⁽¹⁴⁾	4/4	2/2	0/0	0/0	0/1	0/0
Ms. Kwok Pui Ha ⁽¹⁵⁾	1/3	1/1	0/0	0/0	0/0	0/0
Mr. Hung Ka Hai Clement ⁽¹⁶⁾	1/1	1/1	0/0	0/0	1/1	0/0

Notes:

- appointed as an executive Director and the Chairman with effect from 13 October 2025.
- appointed as an executive Director and the Deputy Chairman with effect from 12 November 2025.
- appointed as an executive Director with effect from 12 November 2025.
- appointed as an executive Director with effect from 13 October 2025.
- resigned as an executive Director and the Chairman with effect from 13 October 2025.
- resigned as an executive Director and the Deputy Chairman with effect from 18 August 2025.

CORPORATE GOVERNANCE REPORT

7. resigned as an executive Director with effect from 13 October 2025.
8. resigned as a non-executive Director with effect from 13 October 2025.
9. appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee with effect from 13 October 2025.
10. appointed as the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 13 October 2025.
11. appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee with effect from 13 October 2025.
12. resigned as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 13 October 2025.
13. resigned as an independent non-executive Director and a member of each of the Nomination Committee and the Remuneration Committee with effect from 13 October 2025.
14. resigned as an independent non-executive Director and a member of the Audit Committee with effect from 13 October 2025.
15. resigned as an independent non-executive Director and the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee with effect from 13 October 2025.
16. resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee with effect from 1 July 2025.

In accordance with code provision C.2.7 of the CG Code, the Chairman held one meeting with the independent non-executive Directors without presence of other Directors during the Reporting Period.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director will receive comprehensive trainings materials provided by the Company upon the appointment to ensure that he/she has appropriate and adequate understanding of the Group's business and of his/her director duties and responsibilities under the Listing Rules and the relevant applicable statutory and regulatory requirements.

The Company provides regular updates and reports to Directors on the business development and financial position of the Company to facilitate the Directors to discharge their duties and foster decision-making process.

Pursuant to the code provision C.1 of the CG Code, all directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors. During the Reporting Period, the Company had arranged to provide trainings to all the Directors.

CORPORATE GOVERNANCE REPORT

For the Reporting Period, all Directors as at the date hereof, namely Mr. Gu Lin, Mr. Chen Youan, Mr. Lu Huasheng, Mr. Zhang Yuanqi, Mr. Ma Fujun, Mr. Yao Xinguo, Mr. Boris Tadić and Ms. Chow Yin Kwan Yvonne participated in training on corporate governance, director's duties, environment, social and governance, and/or kept up with relevant regulatory update.

The summary of the training record during the Reporting Period of each of the Directors as at the date hereof is set out below:

Directors	Topics of Training ⁽¹⁾	Modes of Training ⁽²⁾
Executive Directors		
Mr. Gu Lin	i, ii, iii, iv	a
Mr. Chen Youan	i, ii, iii, iv	a
Mr. Lu Huasheng	i, ii, iii, iv	a
Mr. Zhang Yuanqi	i, ii, iii, iv	a
Mr. Ma Fujun	i, ii, iii, iv	a
Independent non-executive Directors		
Mr. Yao Xinguo	i, ii, iii, iv	a
Mr. Boris Tadić	i, ii, iii, iv	a
Ms. Chow Yin Kwan Yvonne	i, ii, iii, iv	b

Notes:

- (1)
- i. the roles, functions and responsibilities of the Board, its committees and its directors, and Board effectiveness
 - ii. Company's obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rules updates) relevant to the discharge of such obligations and duties
 - iii. corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the issuer and its business)
 - iv. risk management and internal controls
 - v. updates on industry-specific development, business trends and strategies relevant to the Company
- (2)
- a. self-study
 - b. external provider
 - c. internal provider

CORPORATE GOVERNANCE REPORT

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

All Directors are appointed for a specific term. Each of the Directors has entered into a service contract or letter of appointment with the Company for a fixed term not more than three years.

According to Article 84(1) of the Articles of Association of the Company (the "**Articles**"), at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Article 84(2) of the Articles further provides that the Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Article 83(3) of the Articles provides that the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to the Article 84(1), Mr. Ma Fujun and Mr. Boris Tadić will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting (the "**AGM**") to be held in May 2026.

Pursuant to the Article 83(3), Mr. Gu Lin, Mr. Chen Youan, Mr. Lu Huasheng, Mr. Zhang Yuanqi, Mr. Yao Xinguo and Ms. Chow Yin Kwan Yvonne will retire and, being eligible, offer themselves for re-election at the forthcoming AGM to be held in May 2026.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board to strengthen its effectiveness and corporate governance. The Company recognises and embraces the benefits of a diverse Board with a balance of skills, experience and diversity of perspectives to enhance the quality of its performance. All Board appointments will be considered against selection criteria.

The Company considers board diversity through a range of perspectives in the selection process of Board members, including but not limited to gender, age, ethnicity, cultural and educational background, experience (professional or otherwise), skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

CORPORATE GOVERNANCE REPORT

The Board currently has one female Director. The Board considered gender diversity and the measurable objective of at least having one female Board member has been achieved. The Board is of the view that it is not necessary to set numerical targets and timeline for the Board gender diversity for the time being. The Board will continue to take opportunity to increase the proportion of female members when suitable candidates for appointment of Directors are identified. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity.

The Nomination Committee will review and monitor the implementation of the Board Diversity Policy annually, to ensure the effectiveness of the Board Diversity Policy and discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval. During the Reporting Period, the Board reviewed the implementation and effectiveness of the Board Diversity Policy and agreed that the diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

DIVERSITY AT WORKFORCE LEVEL

The Group has taken and continues to take steps to promote diversity at all levels of its workforce. The opportunities for recruitment, promotion, training, and career development are equally open to all eligible employees without discrimination. As at 31 December 2025, the gender ratio of Senior Management and the workforce (excluding Senior Management) are 8 male:5 female and 180 male:113 female, respectively. The details of workforce composition in the PRC or Hong Kong were disclosed under the section headed "Environmental, Social and Governance Report" (the "**ESG Report**") on pages 45 to 125 of this annual report. The Board considers that gender diversity in the Group's workforce is currently achieved.

The Company has actively sought to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. It also conducts structured recruitment, selection and training programs within the Group to develop more skilled and experienced potential Board member and Senior Management.

BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the executive committee of the Company (the "**Executive Committee**") (collectively, the "**Board Committees**"), for overseeing aspects of the Company's affairs. All Board Committees have been established with defined written terms of reference. All Board Committees should report to the Board on their decisions or recommendations made.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee was established on 25 July 2018 with terms of reference (revised on 8 January 2019) in compliance with the CG Code for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and related materials and provide independent advice in respect of the financial reporting process, and to oversee the risk management and internal control systems of the Group. As at 31 December 2025, the Audit Committee comprises three members, all being independent non-executive Directors, namely Ms. Chow Yin Kwan Yvonne (chairman), Mr. Yao Xinguo and Mr. Boris Tadić. The Group's accounting principles and policies, financial statements and related materials for the Reporting Period had been reviewed by the Audit Committee.

During the Reporting Period, the Audit Committee held two meetings. The work performed by the Audit Committee during the Reporting Period included: (i) discuss of the accounting principles and practices being adopted together with auditing and financial reporting matters; (ii) discuss of the nature and scope of the audit and determined the scope and extent of the interim review with the external auditor; (iii) review of the interim and annual reports, financial statements of the Group, including true and fairness, integrity and significant financial reporting judgements contained therein; (iv) review the risk management and internal control review report; and (v) review of and recommendations to the Board on the re-appointment of the external auditor after considering on the terms of engagement of the external auditor. Draft and final versions of the minutes of the Audit Committee meetings are circulated to all members of the Audit Committee for comments and approval and all decisions of the Audit Committee are reported to the Board subject to applicable restriction. Full minutes of the Audit Committee meetings are kept by the Company Secretary.

The external auditor was invited to attend the Audit Committee meetings held during the Reporting Period to discuss with the Audit Committee members on the audit and financial reporting related matters. The chairman of the Audit Committee provided the Board with a briefing on the significant issues after Audit Committee meetings.

The annual results of the Group for the Reporting Period had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this annual report, and confirmed that this annual report is completed and accurate, and has complied with the Listing Rules. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

EXTERNAL AUDITOR'S REMUNERATION

The Company engaged Baker Tilly Hong Kong Limited, as the external auditor of the Group for the year ended 31 December 2025. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. During the Reporting Period, auditor's remuneration related to audit services amounted to approximately RMB2.0 million and those for non-audit services, which includes agreed-upon procedures, internal control review and ESG assessment, amounted to approximately RMB0.4 million.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit department within the Group in light of the size, nature and complexity of the Group's business and structure. The Board is responsible for maintaining an adequate internal control system to safeguard the investments of the Shareholders and Group's assets and reviewing the effectiveness of such through the Audit Committee on an annual basis. The Audit Committee oversees the internal control system of the Group, reports to the Board on any material issues and makes recommendations accordingly. Annual reviews of the effectiveness of the internal control system of the Group are conducted. Such procedures are designed to manage rather than to eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has engaged Baker Tilly Hong Kong Limited to carry out an annual review on the internal control system and risk management system of the Group for the year ended 31 December 2025. The review involves all material monitoring aspects, including but not limited to finance, operation, compliance and risk management. The adviser has conducted analysis and independent assessment on the adequacy and the effectiveness of the internal control system and risk management of the Group, and has submitted the findings and recommendations to the Audit Committee and the Board. The Board is of the view that the internal control measures in place are adequate and effective to safeguard the interest of Shareholders and the Group's assets.

The Board has established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of inside information announcement, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and waiver to the disclosure of inside information, and also compliance and reporting procedures.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 25 July 2018 with terms of reference (revised on 30 December 2022) in compliance with the CG Code for the purpose of making recommendations to the Board on the overall remuneration policy and structure relating to the Directors and Senior Management, to review and evaluate their performance in order to make recommendations on the remuneration package of each of the Directors and Senior Management as well as other employee benefit arrangements based on their experience, level of responsibility and general market conditions, to review and/or approve matters relating to share schemes. As at 31 December 2025, the Remuneration Committee comprises three members, all being independent non-executive Directors, namely Mr. Boris Tadić (chairman), Mr. Yao Xinguo and Ms. Chow Yin Kwan Yvonne.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Remuneration Committee held three meetings. At the meeting, the Remuneration Committee had reviewed and made recommendations to the Board on the remuneration policies of the Directors and the Senior Management as well as the remuneration packages for the year ended 31 December 2025 and the performance of the Directors. Draft and final versions of the minutes of the meetings of Remuneration Committee are circulated to all members of the Remuneration Committee for comments and approval and all decisions of the Remuneration Committee are reported to the Board subject to applicable restriction. Full minutes of the Remuneration Committee meetings are kept by the Company Secretary.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Board and Mr. Lu Huasheng mutually agreed that Mr. Lu Huasheng will not receive any remuneration from the Company for serving as an executive Director but the expenses incurred reasonably in connection with his discharge of duties as an executive Director will be borne by the Company. Details of the remuneration of Directors and Senior Management during the Reporting Period are set out in notes 9, 39 and 41 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established on 25 July 2018 with terms of reference (revised on 30 June 2025) in compliance with the CG Code for the purpose of making recommendations to the Board on the appointment of Directors and the succession of the Board. As at 31 December 2025, the Nomination Committee comprises three members, all being independent non-executive Directors, namely Mr. Yao Xinguo (chairman) Mr. Boris Tadić and Ms. Chow Yin Kwan Yvonne.

During the Reporting Period, the Nomination Committee held three meeting. At the meeting, the Nomination Committee had reviewed the structure, size and composition of the Board, ensuring that it has a sought diversity and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors. The Nomination Committee also assessed the independence of the independent non-executive Directors, reviewed the Board Diversity Policy, made recommendations to the Board on appointment and re-election of Directors and other matters of the Company. Full minutes of the Nomination Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Nomination Committee meetings are circulated to all members of the Nomination Committee for comments and approval and all decisions of the Nomination Committee are reported to the Board subject to applicable restriction.

Nomination Policy

The Nomination Committee is responsible for reviewing and providing recommendations to the Board on the nomination policy, evaluate and assess the optimal composition of the Board, considering the Group's strategies and objectives and take up a key role in recruitment of Board members.

CORPORATE GOVERNANCE REPORT

Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- (1) reputation for integrity;
- (2) accomplishment and experience in the business in which the Group is engaged in;
- (3) commitment in respect of available time and relevant interest;
- (4) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), educational background, professional experience, skills and length of service;
- (5) qualifications which include professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- (6) the number of existing directorships and other commitments that may demand the attention of the candidate;
- (7) requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rule 3.13 of the Listing Rules;
- (8) the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- (9) such other perspectives appropriate to the Company's business.

Nomination Procedure

Subject to the provisions in the Articles and the Listing Rules, if the Board recognises the need for an additional Director or a member of Senior Management, the following procedure will be followed:

- (1) the Nomination Committee and/or the Board will identify potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;
- (2) the Nomination Committee and/or the Company Secretary will then provide the Board with the biographical details and details of the relationship between the candidate and the Company and/or the Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Act of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;
- (3) the Nomination Committee would then make recommendations to the Board on the proposed candidate(s) and the terms and conditions of the appointment;
- (4) the Nomination Committee should ensure that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

CORPORATE GOVERNANCE REPORT

- (5) in the case of the appointment of an independent non-executive Director, the Nomination Committee and/or the Board should obtain all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and
- (6) the Board will then deliberate and decide on the appointment based upon the recommendations of the Nomination Committee.

EXECUTIVE COMMITTEE

An Executive Committee was established on 13 October 2025 with terms of reference which deal clearly with its authorities and duties. The Executive Committee has been conferred with the general powers of the Board (except those matters specifically reserved for the Board) to manage and oversee the operations of the Group and has been assigned with the responsibilities to perform the corporate governance duties. As at 31 December 2025, the Executive Committee comprises two executive Directors, namely Mr. Gu Lin (chairman) and Mr. Zhang Yuanqi.

During the Reporting Period, the Executive Committee passed various written resolutions in relation to the corporate governance of the Group.

COMPANY SECRETARY

Ms. Huang Huajuan has been appointed as the Company Secretary on 7 January 2026. Mr. Lee Yiu Man was appointed as the Company Secretary on 2 October 2025 and resigned on 7 January 2026. Mr. Yu Chi Kit was appointed as the Company Secretary on 5 July 2025 and resigned on 2 October 2025. Ms. Cheng Ka Yan was appointed as the Company Secretary on 4 June 2021 and resigned on 5 July 2025. In the opinion of the Board, each of Ms. Huang Huajuan, Mr. Lee Yiu Man, Mr. Yu Chi Kit and Ms. Cheng Ka Yan possess the necessary qualifications and experience, and is capable of performing the functions of a company secretary.

During the Reporting Period, each of Mr. Lee Yiu Man, Mr. Yu Chi Kit and Ms. Cheng Ka Yan completed over 15 hours of professional training and confirmed that each of them complied with the requirements under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There had been no changes in the constitutional documents of the Company during the Reporting Period.

The second amended and restated Articles is available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

COMPANY CULTURE

The unique Company culture evolved from the core values of “people-oriented, science and technology innovation; aerospace exploration, society contribution”. It is shaped by the Group’s employees, business partners and customers. In turn, the Company’s culture shapes the employees, strategies and dictates the way the Group operates, solving problems and developing new satellites technologies.

The Company’s culture not only enhances employees’ continuing passion towards work, but also helps attract and retain new recruits from different backgrounds with similar values. The brand identity, in turn, solidifies hearts and drives endless innovations, so that a benevolent circle can be ensured.

During the Reporting Period, the Company continued to strengthen the cultural framework and exploit the advantages of its distinguishable culture in its strategic planning process. It assists the Company in assessing the opportunities and challenges that the Company might face.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Board adopted an anti-bribery and anti-corruption policy (the “**Anti-Bribery and Anti-Corruption Policy**”) which outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to anti-bribery and anti-corruption, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of bribery and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board and the Audit Committee will review the Anti-Bribery and Anti-Corruption Policy and mechanism periodically to ensue its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of bribery and corruption.

WHISTLEBLOWING POLICY

The Board adopted a whistleblowing policy (the “**Whistleblowing Policy**”) which provides employees and the relevant third parties who deal with the Group (e.g. customers and suppliers) with guidance and reporting channels to raise concerns, in confidence and anonymity, with the Audit Committee (or any designated committee comprising a majority of independent non-executive Directors) about possible improprieties in any matter related to the Company. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential. The Board and the Audit Committee will regularly review the Whistleblowing Policy and mechanism to improve its effectiveness.

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information (the "**Inside Information Policy**") which sets out the procedures and internal controls for handling and dissemination of inside information.

The Inside Information Policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and the Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- control the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public; and
- procedures of communicating with the Group's stakeholders, including Shareholders, investors, analysts, and etc. in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumors and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. The annual general meeting of the Company shall be held once each year and at the place as may be determined by the Board. A general meeting, other than the annual general meeting, shall be called an extraordinary general meeting.

CORPORATE GOVERNANCE REPORT

Shareholders to Convene an Extraordinary General Meeting

Pursuant to Article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the principal place of business of the Company in Hong Kong and addressed to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the principal place of business of the Company in Hong Kong.

Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meetings

Shareholders are requested to follow Article 58 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Shareholders to Convene an Extraordinary General Meeting".

Pursuant to Article 85 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Hong Kong branch share registrar and transfer office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with the Shareholders and investors is essential for ensuring that the Shareholders and investors are provided with ready, equal and timely access to balanced and understandable information of the Company. The Company has adopted a Shareholders communication policy (the "**Shareholders Communication Policy**"). The Company has established several channels to communicate with the Shareholders and investors as follows:

- Corporate communications such as annual reports, interim reports and circulars are issued printed form and available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cncstg.com);

CORPORATE GOVERNANCE REPORT

- Periodic announcements are made through the Stock Exchange and published on the websites of the Stock Exchange and the Company;
- Corporate information is made available on the website of the Company; and
- The general meetings of the Company provided a forum for the Shareholders to make comments and exchange views with Directors and Senior Management.

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the principal place of business of the Company in Hong Kong. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the abovementioned arrangements. The Company website is updated on a regular basis and the Shareholders can access the latest information of the Company through the Company website. Information released by the Company to the Stock Exchange is also posted on the Company website as soon as reasonably practicable thereafter. The Shareholders are provided with the opportunities to communicate with the Directors directly at general meetings. Enquires from the Shareholders will be responded to within a specific timeframe. Based on the above, the Board was of the view that the arrangements regarding Shareholders' communication were effective during the Reporting Period.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") that aims to provide the guidelines for the Board to determine whether dividends are to be declared and paid to the Shareholders and the level of dividend to be paid. Under the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among others,

- (1) the Group's actual and expected financial performance;
- (2) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- (3) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (4) the Group's liquidity position;
- (5) interest of Shareholders;
- (6) taxation consideration;
- (7) potential effect on creditworthiness;
- (8) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (9) any other factors that the Board deems appropriate.

CORPORATE GOVERNANCE REPORT

The declaration and payment of dividends by the Company shall remain to be determined at the sole discretion of the Board and is also subject to any restrictions under the Companies Act of the Cayman Islands, the Listing Rules, the laws of Hong Kong and the Articles and any other applicable laws and regulations. The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

China Strategic Technology Group Limited (the “**China Strategic**” or “**Company**”) and its subsidiaries (collectively, the “**Group**” or “**we**”) are pleased to publish the 2025 Environmental, Social and Governance (the “**ESG**”) Report (the “**Report**”). The Report aims to provide the Group's ESG performance covering the period from 1 January 2025 to 31 December 2025 (the “**Reporting Period**” or “**2025**”) in response to stakeholders' expectations for the Group 's sustainable development and information disclosure.

The Group is an investment holding company principally engaged in technology-driven businesses with a strategic focus on aerospace-related operations and electronics manufacturing services, aiming to build an integrated industrial platform underpinned by advanced manufacturing capabilities and technological innovation.

Aerospace Business

The Group's aerospace business (the “**Aerospace Business**”) focuses on the development and application of commercial aerospace technologies. Key activities include:

- Satellite manufacturing;
- Satellite component manufacturing;
- Precision electronics manufacturing;
- Satellite data applications;
- Satellite telemetry, tracking, and controlling (the “**TT&C**”); and
- Satellite launch.

Through these activities, the Group seeks to participate in the commercial aerospace value chain by providing end-to-end solutions spanning manufacturing, integration and operational support. The aerospace segment is positioned as a long-term strategic growth driver of the Group, leveraging advanced engineering capabilities and technological know-how.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Electronics Manufacturing Services Business

The Group also operates a well-established electronics manufacturing services business (the “**EMS Business**”) business, providing comprehensive manufacturing solutions to customers across various industries. The EMS Business primarily comprises:

- Assembling and production of printed circuit boards assemblies (the “**PCBAs**”); and
- Fully assembled electronic products.

The Group’s EMS Business products are widely applied in sectors such as banking and finance, telecommunications, smart devices, and smart home equipment. Key product categories include, among others, mobile devices, mobile point-of-sale terminals, photovoltaic inverters, tablets, and intelligent control systems.

The Group operates its EMS Business across multiple geographical markets and provides flexible, customer-oriented manufacturing solutions, enabling clients to enhance supply chain efficiency and product reliability.

BASIS OF PREPARATION

The Report was prepared in align with the Appendix C2 ESG Reporting Code (the “**Code**”) set out in the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and based on the actual operation of the Group. For the disclosure requirements and content of the Code, please refer to Appendix II: Index to the Contents of the Environmental, Social and Governance Reporting Code in the Report.

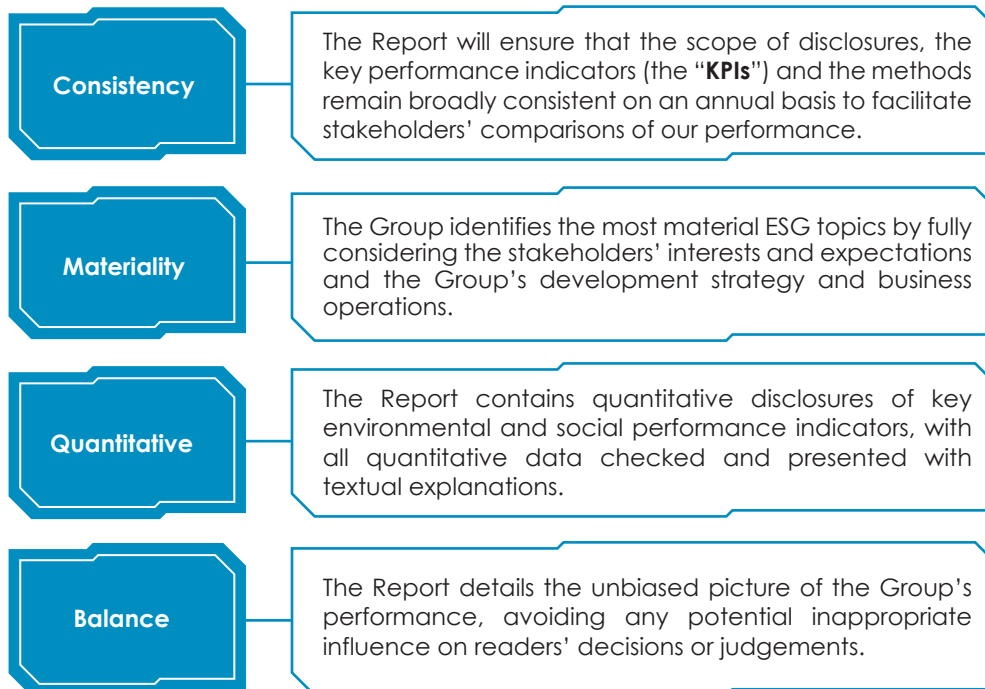
SCOPE AND BOUNDARIES OF THE REPORT¹

The reporting boundary of this ESG Report is determined by the Group’s operational control, the significance of sustainability impacts on the Group’s business, and matters of greatest interest or concern to stakeholders. This Report covers all business operating units of the Group in the People’s Republic of China (the “**PRC**”), including the headquarters and production facilities for the Aerospace Business and the EMS Business. During the Reporting Period, the Group completed the disposal of its entire equity interest in Huizhou City Eternity Technology Company (惠州市恒昌盛科技有限公司). The scope of the Report will be reviewed on a regular basis to ensure that significant sustainability impacts across the Group’s overall business portfolio are appropriately captured.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PRINCIPLES OF PREPARATION

We strictly adhere to the reporting principles outlined in the UN Sustainable Development Goals (the “**UN SDGs**”) and the Code to define the content of the Report and ensure that ESG topics of concern to our stakeholders are covered and that the content is explicit, quantitative and comparative. The statistics and cases in the Report are mainly sourced from China Strategic Technology Group's official documents, statistical reports and relevant public information. The Group undertakes the rule that there is no false record or misleading statement in the Report and bears responsibility for the authenticity, accuracy and completeness of its content. The specific reporting principles are as follows:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FEEDBACK

Your comments and suggestions on the Report would be greatly appreciated. Please e-mail us at ir@China Strategic.com to provide your feedback. The Report is published in both Chinese and English versions. In case of any discrepancy between the two versions, the English version shall prevail. As part of our ongoing resource conservation initiatives, we do not issue hard copies of the Report. You can download the PDF version from the Stock Exchange website <https://www.Stock Exchangenews.hk> or our website <https://www.China Strategic.com> "Investor Relations".

SUSTAINABLE DEVELOPMENT MANAGEMENT

The Group is committed to continuously improving corporate governance and ESG governance while driving the development of business and steady improvement in economic efficiency. We respond to the UN SDGs actively, fuel ESG development in a balanced manner, and create a sustainable and better future.

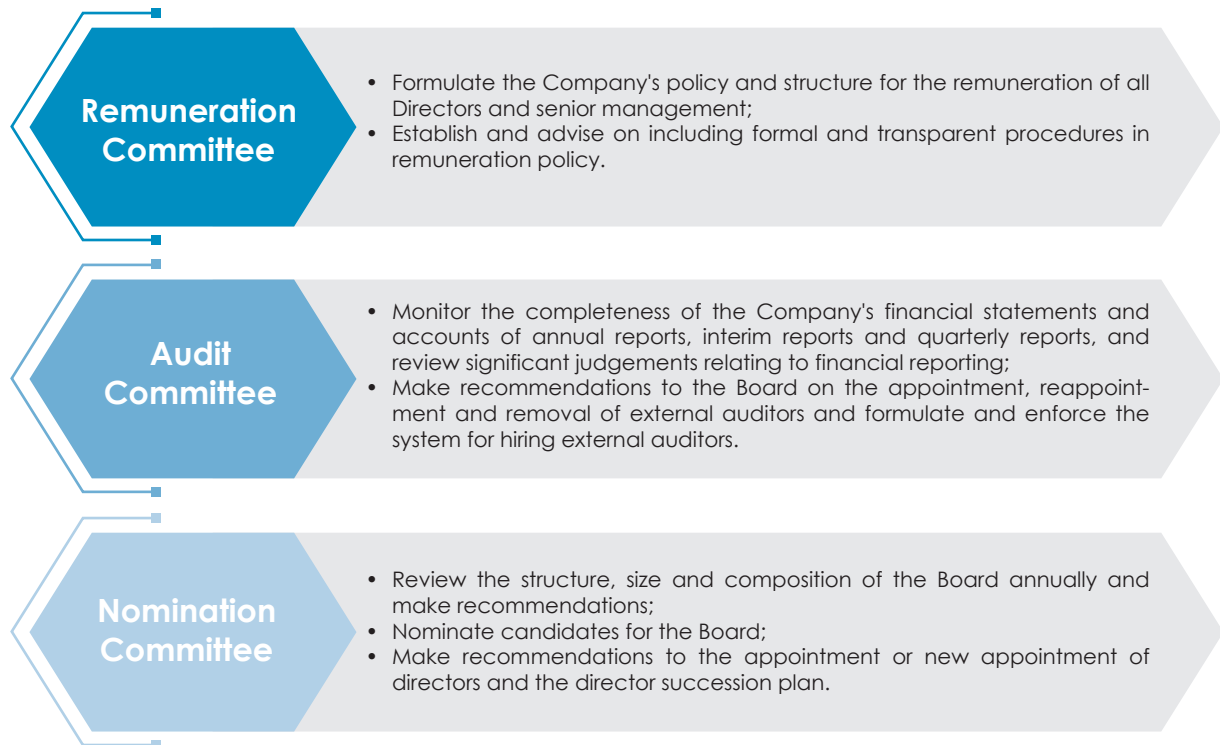
CORPORATE GOVERNANCE STRUCTURE

The Group is committed to establishing and continuously improving corporate governance with the aim of essentially separating ownership and management rights. To this end, we have set up key functional departments such as the general meeting of shareholders and the board of directors (the "**Board**"), each performing its duties and highly coordinated to ensure the steady operation of daily business activities. The Group takes diversity into account in the selection of directors and attracts professionals with diverse backgrounds to the governance level, covering various disciplines such as physics, finance, space experiments, etc., with rich academic backgrounds ranging from bachelor's degrees to doctorates. Through continuous improvement of the governance structure, we promote the sustainable and healthy development of the Group and lay a solid foundation for achieving the UN SDGs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMPOSITION OF THE BOARD

The Board includes three specialised committees: the Remuneration Committee, the Audit Committee and the Nomination Committee. The Remuneration Committee is responsible for formulating and reviewing the Company's remuneration policies and programmes to ensure the soundness and fairness of the Company's remuneration system. The Audit Committee, for its part, is responsible for overseeing the Company's financial reporting and internal and external audits to ensure the transparency and accuracy of the Company's financial affairs. The Nomination Committee is responsible for researching and recommending candidates for directors and senior management to ensure the quality and competence of the Company's leadership. These committees enable the Board to fulfil its duties more professionally and efficiently, providing strong support for the long-term development of the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has continuously strengthened its internal governance checks and balances, clearly defined the scope of responsibilities and legal responsibilities of shareholders, Directors and senior management, and established the authorisation criteria for the management of legal persons, shareholders' meetings and the Board to ensure the compliance and transparency of the Group's operations. In addition, we have further improved the communication channels between the Board and the management to promote the efficient and standardised operation of the Group and enhance the efficiency of decision-making and execution.

The Group discloses information in a true, accurate, complete and timely manner in strict accordance with the requirements of relevant laws and regulations and the company's system to ensure that all shareholders and other stakeholders have equal access to information. Additionally, in order to keep in touch with investors, we provide a variety of contact methods, including email and phone, so that investors can receive the latest information and share valuable advice with us. We will adjust the frequency of information disclosure in response to actual needs and market changes, ensuring that investors can be informed in a timely manner about the company's latest developments. At the same time, we will also keep a close eye on industry development trends and changes in regulatory policies, to deliver relevant information to investors at the earliest.

ESG GOVERNANCE STRUCTURE

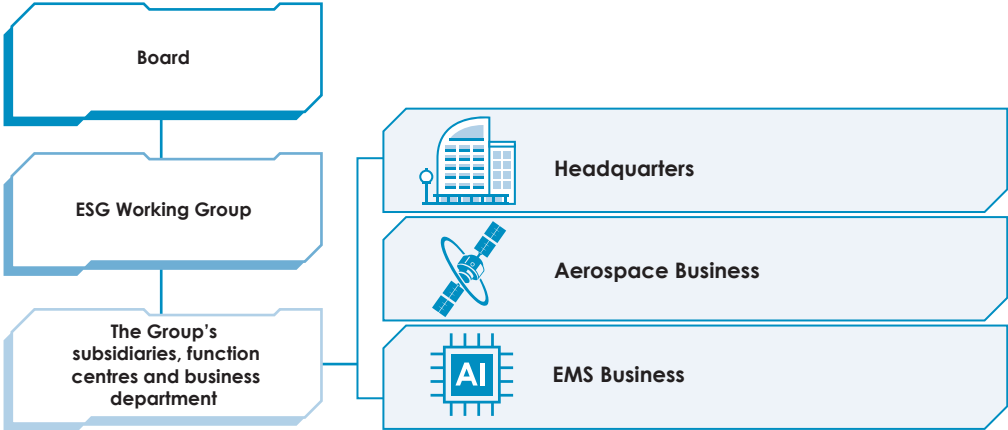
On the basis of solid financial performance, the Group closely monitors ESG policy developments and continues to gain in-depth insight into industry trends, actively fulfils its social responsibilities, and promotes the balanced development of ESG aspects. We are committed to integrating the core concept of sustainable development into every aspect of our core business operations. In addition, we continuously promote the ESG Working Group (the "**ESG Working Group**") to implement initiatives that are in light with our own business operations and development strategies, thus fully ensuring the Group's long-term and stable development.

We continue to strengthen ESG governance capabilities and continuously establish and improve the top-down ESG governance structure. The Board attaches great importance to the Group's sustainable development and effectively guides the daily work of the ESG Working Group. The ESG Working Group formulates annual ESG initiatives that address the ESG- and climate-related risks and opportunities affecting the Group's sustainable development. It reports to the Board regularly. In addition, it works with the subsidiaries, function departments and business departments to effectively implement ESG-related initiatives and actively respond to ESG- and climate-related risks. By taking these measures, we aim to achieve our sustainable development goals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT


To strengthen its oversight, the Board meets at least once a year at least to review sustainability performance and emerging issues, during which Board members also receive training and information sessions on sustainability-related topics, including regulatory developments and market trends, to ensure they remain well-informed and equipped with the core competencies required to oversee climate-related risks effectively.

As part of its commitment to continuous improvement, the Group intends to evaluate the integration of ESG performance into management remuneration frameworks and will adopt supporting policies when appropriate to reinforce accountability and long-term value creation.




ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The responsibilities of the Board and the ESG Working Group are as follows:




The Board

- To assess ESG and climate-related risks and opportunities;
- To oversee and review the Group's ESG and climate-related management approach, objectives, priorities, and strategies, and to explain how they relate to the Company's business;
- To ensure that appropriate and effective ESG and climate-related risk management and internal control systems are in place and to oversee the Group's ESG and climate-related performance;
- To review the Group's compliance with the Code;
- To approve the content of the Group's ESG reports.



ESG Working Group

- To assist the Board in its work and report to the Board on ESG and climate-related matters;
- To oversee and develop the Group's ESG and climate-related management approach, objectives, priorities, and strategies;
- To assess and identify material ESG and climate-related risks associated with the Group's businesses;
- To explore ESG and climate-related disclosures associated with the Group's businesses and prepare annual ESG reports;
- To set annual sub-objectives, annual work and action plans based on the Group's environmental objectives;
- To research, discuss and make decisions on specific sustainability topics;
- To prepare ESG reports.




The Group's subsidiaries, function centres and business departments

- To implement the Group's ESG initiatives;
- To discharge their respective ESG responsibilities;
- To actively enhance the Group's ability for sustainable development.

RESPOND TO THE UN SDGs

The Group highly values and actively responds to the UN SDGs, committing to creating value for stakeholders in five areas, namely product responsibility, environmental responsibility, talent responsibility, partnership responsibility and community responsibility. We deeply identify and implement the UN SDGs priorities related to our operations, fulfilling our corporate social responsibilities and driving the sustainable development of the Group. To achieve this goal, we will increase our investment and efforts in the following areas:

Responding to UN SDGs	Responding to issues of materiality	Key actions
	Occupational Health and Safety	<ul style="list-style-type: none"> Caring the Mental and Physical Health of Our Employees Identifying occupational health and safety risks Making more efforts on occupational health and safety risks training Providing a safe and healthy working environment







ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Responding to UN SDGs	Responding to issues of materiality	Key actions
 <p>5 GENDER EQUALITY</p>	Care for Employees to Create a Harmonious Workplace Diversity and Equal Employment	<ul style="list-style-type: none"> • Creating an equal employment environment • Eliminating occupational discrimination • Creating a harmonious working environment
 <p>6 CLEAN WATER AND SANITATION</p>	Water Resources and Wastewater Management	<ul style="list-style-type: none"> • Practising water conservation • Strengthening resource usage management
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Employee Care and Communication	<ul style="list-style-type: none"> • Formulating employee cultivation plans • Providing multiple career development paths • Establishing a reasonable remuneration system
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Product Innovation and Quality Management	<ul style="list-style-type: none"> • Enhancing the capability of product innovation • Providing high-quality solutions
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Product Innovation and Quality Management Community Contribution and Public Welfare	<ul style="list-style-type: none"> • Promoting Technology-Enabled Products • Enhancing Product Quality Management • Enhancing Intellectual Property Protection • Love for the Community
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Supplier Management	<ul style="list-style-type: none"> • Optimising supplier assessment standards • Enhancing supplier assessment system • Promoting communication with suppliers
 <p>13 CLIMATE ACTION</p>	Exhaust Gas Emission Reduction Measures Energy Use Conservation Waste Management	<ul style="list-style-type: none"> • Practising green operation • Active response to climate change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

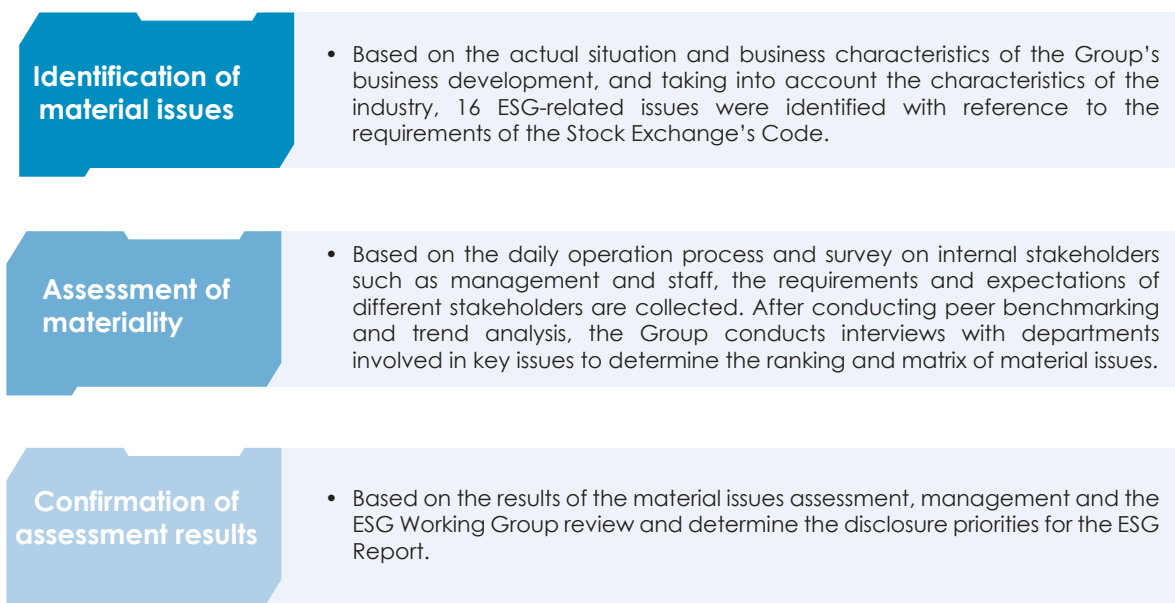
We identify stakeholders and pay attention to the impact of the Group's operations on stakeholders. We maintain smooth communication with stakeholders through various channels, such as shareholder meetings, site visits, meetings with government agencies, interviews, and social announcements, thereby continuously improving our sustainability performance. The Group adopts an active communication approach and encourages shareholders, investors, customers, employees, suppliers, government bodies, and the community to give suggestions and feedback to contribute our efforts to sustainable development.

Types	 Shareholders and investors	 Customers	 Employees	 Suppliers	 Governmental bodies	 Community
Concerns	<ul style="list-style-type: none"> Corporate development plan Legal and compliance operation Return on investment 	<ul style="list-style-type: none"> Product research & development and technological innovation After-sales services Legal and compliance operation 	<ul style="list-style-type: none"> Equal employment opportunities Smooth career development path Safe and healthy working environment Perfect education and training system 	<ul style="list-style-type: none"> Integrity and fairness Stable supply demand Fair pricing 	<ul style="list-style-type: none"> Compliance with laws and regulations Tax payment in accordance with laws Environmental protection Economic development 	<ul style="list-style-type: none"> Charity
Communication Channels	<ul style="list-style-type: none"> General meetings Annual reports and interim reports Announcements, circulars and press releases Periodic meetings Reply to media enquiries Press conferences 	<ul style="list-style-type: none"> Investigation and visits Customer meetings Customer service hotline and email 	<ul style="list-style-type: none"> Performance appraisal Occupational health and safety training Regular meetings between the management and employees Suggestion box, email and bulletin board 	<ul style="list-style-type: none"> Annual business review meetings Regular supplier review and performance review Purchasing arrangements 	<ul style="list-style-type: none"> Meetings and interviews Participating in government projects 	<ul style="list-style-type: none"> Information reporting Community notices
Response	<ul style="list-style-type: none"> Periodic disclosure of business consulting Maintaining good profitability Constantly improving corporate governance 	<ul style="list-style-type: none"> Strictly controlling research & development, procurement, production and other parts Enhancing quality management system Quick response to customer needs Committed to providing high-quality customer service standards Customer satisfaction poll 	<ul style="list-style-type: none"> Holding employee activities Paying attention to employee health Offering training opportunities Ensuring a safe working environment 	<ul style="list-style-type: none"> Open tender Establishing supplier management system Responsible procurement initiatives Improving management efficiency Building a culture of integrity 	<ul style="list-style-type: none"> Complying with laws and regulations Expanding new markets, and increasing sales and tax revenue 	<ul style="list-style-type: none"> Disaster relief

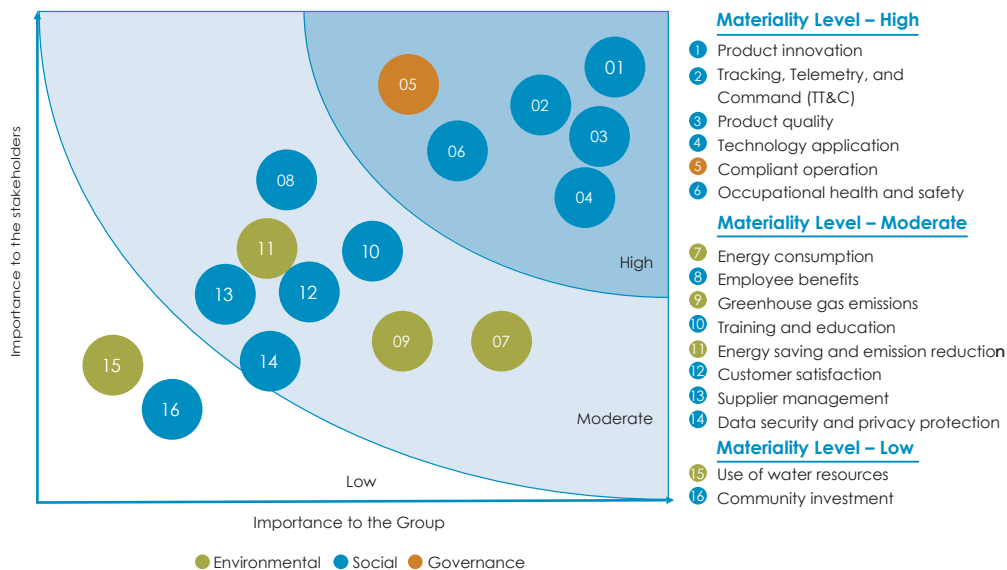
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Steps of Materiality Assessment

To continuously improve ESG management, the Group, based on research on social responsibility standards at home and abroad, internal and external stakeholder research findings, and the Group's development strategy, identifies issues with significant impact to both the Group and its stakeholders. The specific assessment steps are as follows:



During the Reporting Period, the Group experienced certain operational changes, including the relocation of its Aerospace Business and the transfer of related assets. While these change reflect adjustments to the Group's operational arrangements, they did not materially alter the nature of the Group core business activities or its key sustainability impacts. Accordingly, the Group has reviewed the prior year's materiality assessment and confirm that the results of the materiality matrix from the previous ESG report remain applicable for 2025 and continue to effectively reflect stakeholders expectation.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group identified product innovation, satellite TT&C capabilities, product manufacturing quality, technology application, compliance operations, and occupational health and safety as its most material topics because these areas directly influence the Group's operational reliability, technological leadership, regulatory alignment, and long-term business resilience. As a technology-driven enterprise operating in sectors with stringent technical and compliance requirements, excellence in innovation, system performance, and manufacturing quality is essential to meeting customer expectations and maintaining market competitiveness. Likewise, the integrity and effectiveness of satellite TT&C capabilities are fundamental to mission success and sector credibility. Robust compliance management safeguards the Group against regulatory and ethical risks, while strong occupational health and safety practices protect employees working in specialized and technical environments, ensuring business continuity and supporting sustainable workforce development. These ESG topics will continue to receive attention in the Group's sustainability management and will be highlighted in this Report.

ENVIRONMENTAL PROTECTION

The Group is committed to embedding sustainable development into its daily operations and closely follows global climate-action trends and actively adopts a green operational model through multiple environmental management measures. We focus on energy conservation, energy efficiency and comprehensive energy management to reduce wastewater, waste gas emissions and environmental pollution arising from packaging materials, thereby supporting green and low-carbon development. To ensure full compliance with environmental protection requirements, the Group strictly adheres to relevant PRC laws and regulations, including but not limited to:

- Environmental Protection Law of the PRC
- Environmental Impact Assessment Law of the PRC
- Law of the PRC on the Prevention and Control of Atmospheric Pollution
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste
- Law of the PRC on the Prevention and Control of Noise Pollution
- Other applicable environmental protection laws and regulations

To align with regulatory standards and strengthen internal environmental governance, the Group has established and continually enhanced the following management systems and policies:

- Provisions on Waste Management
- Provisions on Hygiene Management of Canteen Environment
- Procedures for Control of Energy Consumption
- Procedures for the Disposal of Waste
- Procedures for Monitoring and Measuring Environmental, Occupational Health and Safety Performance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's business model is predominantly technology-driven and light-asset in nature, with operations largely conducted in office and research environments. As a result, the Group's activities give rise to limited direct environmental and natural resource impacts, which are primarily indirect and operational in nature. Following internal assessment, such impacts have not been identified as material to the Group's operations or sustainability profile during the Reporting Period.

In addition, the Group actively fulfils its environmental protection responsibilities in accordance with the requirements set by local authorities in the regions where it operates. During the Reporting Period, the Group strictly complied with all relevant environmental protection laws and regulations and recorded no cases of non-compliance.

To further elevate our environmental management standards, the Group has obtained the ISO 14001:2015 Environmental Management Systems certification.



ISO 14001 Environmental Management Systems Certificate

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL TARGETS

The Group's steadfast commitment to driving sustainable development is exemplified by its dedication to establishing a comprehensive set of quantitative environmental targets based on baseline years in 2024. These targets serve as measurable benchmarks against the Group's future progress and achievements in environmental sustainability. By setting clear and quantifiable objectives, the Group aims to enhance its sustainability initiatives' transparency, accountability, and performance. With these targets in place, the Group is well-positioned to track its environmental progress and make informed decisions that contribute to a more sustainable future.

Aspects	Environmental Target	Progress
Air Emissions	Based on the baseline year of 2024, the Group aims to maintain or reduce emissions of nitrogen oxides (NOx), sulphur oxides (SOx), and particulate matter (PM) respectively, by the year ending 2026.	During the Reporting Period, the Group's air emissions primarily arose from expended use of mobile vehicles for business transportation and product shipment. While year-on-year fluctuations were observed due to changes in operational activity levels and transportation needs. The Group has continued to adopt emission management and monitoring measures and will further optimise fuel usage and operational practices to support the target of maintaining or reducing air emissions by the year ending 2026.
GHG Emissions	Based on the baseline year of 2024, the Group has established a target to achieve a 5% reduction in its GHG emissions intensity (tCO ₂ e/employee) by the year ending 2026.	In 2025, the Group's total GHG emissions remained broadly in line with the level recorded in 2024. However, GHG emissions intensity increased on a per-employee basis, primarily due to changes in workforce size and operational configuration during the Reporting Period. In align with the enhanced climate-related disclosure requirements under the Code, the Group has established updated GHG emissions reduction targets, as set out in the section headed "GHG Emission Targets". The Group will continue to strengthen energy efficiency management, increase the use of renewable energy, and enhance GHG emissions monitoring to support the achievement of its GHG reduction targets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Environmental Target	Progress
<p>Hazardous Waste</p>	<p>Based on the baseline year of 2024, the Group has established a target to achieve a 5% reduction in its hazardous waste intensity (kg/employee) by the year ending 2026.</p>	<p>The intensity of hazardous waste generated increased during the Reporting Period, reflecting changes in production activity mix and maintenance-related disposal requirements. All hazardous waste was handled and disposed of in strict compliance with applicable regulations through qualified third-party service providers. The Group will continue to enhance waste reduction at source, improve process controls and strengthen materials management to achieve the targeted reduction in hazardous waste intensity by the year ending 2026.</p>
<p>Non-hazardous Waste</p>	<p>Based on the baseline year of 2024, the Group has established a target to achieve a 5% reduction in its non-hazardous waste intensity (kg/employee) by the year ending 2026.</p>	<p>Although total non-hazardous waste generated decreased year-on-year, non-hazardous waste intensity increased due to changes in workforce size during the Reporting Period. The Group continues to promote waste segregation, recycling and paperless office practices and will further enhance waste minimisation measures to support the achievement of its 2026 non-hazardous waste intensity reduction target.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Environmental Target	Progress
Use of Energy	Based on the baseline year of 2024, the Group has established a target to achieve a 5% reduction in its energy consumption intensity (MWh/employee) by the year ending 2026.	Total energy consumption remained broadly in line with the level recorded in 2024. While energy consumption intensity also rose on a per-employee basis due to workforce adjustments. The Group has been strengthening day-to-day energy management practices and is planning to establish a structured energy efficiency reporting system following the relocation of its headquarters. These initiatives are expected to support the achievement of the 2026 energy intensity reduction target.
Use of Water	Based on the baseline year of 2024, the Group has established a target to achieve a 5% reduction in its water consumption intensity (t/employee) by the year ending 2026.	Total water consumption decreased compared with the previous year as a result of the implementation of water-saving measures. However, water consumption intensity increased due to changes in workforce size. The Group will continue to promote water conservation initiatives, enhance facility monitoring and improve employee awareness to support the targeted reduction in water consumption intensity by the year ending 2026.
Use of Packaging Materials	Based on the baseline year of 2024, the Group aims to maintain or reduce its consumption of total packaging materials by the year ending 2026.	Total packaging materials used during the Reporting Period decreased compared with 2024, reflecting improved materials planning, increased reuse rates and enhanced supplier coordination. The Group remains on track to meet its target of maintaining or reducing total packaging materials usage by the year ending 2026.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EXHAUST GAS EMISSION REDUCTION MEASURES

The Group is committed to integrating sustainable development principles into its daily operations and strictly complies with relevant environmental laws and regulations of the PRC, including those governing air emissions. During the Reporting Period, the Group's air emissions primarily arose from the combustion of gasoline consumed by its own vehicles and the use of town gas in staff dormitories. Given the nature and scale of its operations, no other significant stationary or process-related air emission sources were identified.

Notwithstanding the relatively limited scale of its emissions, the Group has adopted a prudent and proactive approach to exhaust gas management and emission reduction. To filter exhaust gases and minimise the release of air pollutants, the Group has applied innovative environmental protection technologies and equipment, including advanced UV photolysis and activated carbon adsorption systems, to enhance the treatment efficiency of organic exhaust gases where applicable. In certain operational aspects, the Group has adopted emission management standards that are more stringent than the prevailing regulatory requirements.

To ensure ongoing compliance and effective emission control, the Group regularly engages independent third-party service providers to conduct annual exhaust gas testing. Monitoring data for various air pollutants are continuously tracked and reviewed to ensure that all exhaust gas emissions consistently meet or exceed applicable regulatory standards. Through systematic monitoring and verification, the Group strengthens its ability to identify potential risks and implement timely corrective measures.

Mobile Source Emissions Management

In respect of emissions arising from transportation, all vehicles are required to undergo annual inspections and audits in accordance with regulatory requirements. Vehicles that fail to pass the required inspections are strictly prohibited from use, ensuring both environmental compliance and operational safety.

The Group also promotes prudent vehicle usage through route planning and regular vehicle maintenance to improve fuel efficiency and reduce exhaust emissions. These measures are complemented by employee awareness initiatives aimed at encouraging lowcarbon commuting practices and responsible fuel use.

Town Gas Consumption and Operational Controls

For town gas used in staff dormitories, the Group has strengthened daily management and monitoring to minimise unnecessary consumption and associated emissions. Employees are encouraged to adopt responsible energy use habits, and internal inspections are conducted periodically to ensure safe and efficient gas usage.

Through continuous monitoring of fuel and gas consumption, regular internal inspections and independent third-party testing, the Group seeks to optimise resource utilisation and mitigate environmental impacts associated with air pollutants and greenhouse gas emissions. While the Group's current emission levels remain limited, it will continue to review and enhance its emission reduction initiatives, operational controls and technological applications in line with regulatory developments and its long-term commitment to green and low-carbon development. Details of the Group's air emissions performance can be found in APPENDIX I: ESG KPIs for 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENERGY USE CONSERVATION

The Group places strong emphasis on the scientific, efficient and responsible use of energy and strictly complies with the Law of the PRC on Energy Conservation and other applicable laws and regulations. As a satellite manufacturing and EMS manufacturing enterprise, the Group recognises the environmental impacts associated with energy and resource utilisation across its operations and is committed to strengthening energy management to support green and sustainable development.

Electricity remains the primary form of energy consumed by the Group and is mainly supplied by municipal power grids in the cities where the Group operates, including its headquarters and manufacturing facilities in PRC. In view of the environmental impacts associated with electricity consumption, the Group has established internal energy management policies, procedures and monitoring mechanisms to enhance energy efficiency, reduce energy intensity and improve overall resource utilisation.

To strengthen electricity and energy management, the Group continuously monitors and analyses energy consumption across its offices and production facilities. Relevant departments regularly compile statistics on electricity usage and associated costs, while unscheduled inspections of environmental and energy management practices are conducted to identify inefficiencies and drive continuous improvement.

Daily Energy Management and Operational Controls

The Group has implemented a range of daily energy-saving measures to promote efficient electricity use and foster a culture of green office and green manufacturing practices. These measures include optimising air-conditioning operation through appropriate mode selection and temperature control, such as switching from turbo mode to ECO mode after achieving the desired air quality to reduce power consumption. The Group also encourages employees to adopt energy-saving behaviours, including switching off electrical appliances when not in use and powering down office equipment at the end of each work shift.

Regular inspection and maintenance of electrical equipment are carried out to ensure that systems such as air-conditioning units, filters and fans operate under optimal conditions, thereby avoiding unnecessary electricity consumption. Energy-saving awareness is further promoted through internal communications and the display of resource-conservation slogans in visible areas within offices and factories.

Following the relocation of the Group's headquarters to Guangzhou on 13 October 2025, the Group intends to establish a structured mechanism to monitor and manage energy consumption. This includes the planned development of a reporting system to track energy efficiency performance and support the formulation of targeted improvement measures. These initiatives are expected to strengthen energy management practices and support the promotion of green office operations.

Energy-Efficient Equipment and Process Optimisation

In respect of its EMS manufacturing operations, the Group has adopted a range of measures to enhance energy efficiency through equipment renovation and process optimisation. These include the gradual replacement of conventional lighting in production and office areas with LED energy-efficient lamps, strict control of air-conditioning operating hours and temperature settings, and the optimisation of production facilities and energy management processes to maximise efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group actively explores energy-saving technologies, renewable energy applications and more sustainable modes of operation. Energy-efficient equipment and technologies are increasingly adopted in the satellite manufacturing process to reduce electricity consumption during production, achieve lower resource intensity and support cost reduction and efficiency gains.



Labels Displayed in the Office to Encourage Energy Conservation

Renewable Energy and Industry Collaboration

To further promote the use of cleaner energy, the Group's EMS Business at the production sites has installed rooftop photovoltaic systems. This initiative supports the adoption of renewable energy, reduces reliance on grid electricity, lowers operating costs and improves overall energy efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group seeks to strengthen cooperation with governments, industry associations and other enterprises to jointly promote the development of the green manufacturing industry. Through continuous improvement in energy management, technological upgrades and external collaboration, the Group aims to enhance electricity utilisation efficiency, reduce environmental impacts and contribute to the realisation of global sustainable development goals. Details of the Group's energy-related consumption performance can be found in APPENDIX I: ESG KPIs for 2025.



Roof-Mounted Photovoltaic Power Generation

WATER RESOURCES AND WASTEWATER MANAGEMENT

The Group recognises that reliable, responsible and efficient water resource management is essential to the stable operation of its aerospace, satellite manufacturing and EMS businesses. The Group strictly complies with all applicable PRC laws and regulations relating to water use and wastewater discharge and is committed to minimising the environmental impact arising from its water consumption and wastewater generation.

Water Use and Conservation

The Group's primary source of water is urban tap water, which is used mainly for domestic, office and production purposes. During the Reporting Period, no issues relating to water withdrawal or supply disruptions were identified. Given the importance of a stable water supply to production and daily operations, the Group has implemented a series of water conservation and management measures to enhance water use efficiency across both office and manufacturing environments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To strengthen water management, the Group continuously monitors and analyses water consumption in its headquarters and production facilities. Routine inspection and maintenance of water-using facilities and equipment are carried out to ensure proper operation and to prevent water loss. Employees are actively encouraged to raise their awareness of water conservation, use water resources rationally and promptly report any water leakage or abnormal usage.

At the headquarters, the Group promotes water-saving practices through multiple initiatives, including the display of water conservation slogans in office areas, pantries and other common spaces. Internal training and communication are conducted to reinforce responsible water use and to improve overall water utilisation efficiency.

In respect of the EMS Business manufacturing operations, the Group has adopted additional targeted measures to reduce water wastage in production and daily activities. These measures include the timely repair of leaking taps and water equipment, supervision mechanisms to ensure staff promptly report water leaks, and the optimisation of water usage in the manufacturing process. The Group also prioritises the installation of water-saving devices, such as sensor taps and dual-flush water-saving toilets, in washrooms. Shower facilities have been installed and optimised to improve water utilisation efficiency and reduce unnecessary water consumption.

Through these measures, the Group aims to continuously improve water efficiency, reduce avoidable water wastage and support sustainable resource utilisation in both office and factory settings. Details of the Group's water consumption performance are set out in APPENDIX I: ESG KPIs for 2025.



Labels Displayed in the Office to Encourage Water Conservation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Wastewater Management

The Group attaches great importance to compliant and responsible wastewater management and strictly complies with all applicable laws and regulations governing wastewater discharge. Domestic wastewater arising from offices, staff dormitories and canteens is managed in a controlled and compliant manner. To reduce the environmental impact of daily operations, the Group strictly limits the use of phosphorus-containing detergents and strives to minimise the generation of domestic wastewater at source. All domestic wastewater generated from toilets and daily activities is discharged into municipal sewer systems in accordance with regulatory requirements and subsequently treated by licensed municipal wastewater treatment plants. This ensures that wastewater discharge does not adversely affect the water quality of receiving water bodies.

The Group will continue to optimise its water resource and wastewater management practices, strengthen daily maintenance and monitoring, and enhance the efficiency of water utilisation and wastewater handling. The Group also plans to strengthen communication and cooperation with government authorities, industry associations and environmental protection organisations to jointly promote green development.

At the same time, the Group will continue to promote environmental protection concepts internally, raise employees' awareness of water conservation and environmental responsibility, and encourage participation in energy-saving and emission-reduction initiatives. Through these efforts, the Group aims to contribute to the sustainable use of water resources and the long-term protection of the natural environment.

WASTE MANAGEMENT

The Group strictly complies with relevant laws and regulations, including the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, and has established internal management systems such as the "Procedures for the Disposal of Waste" to ensure standardised waste classification, handling and disposal. The Group attaches great importance to the management of waste generated from both production processes and daily operations and implements differentiated management and disposal measures based on the characteristics of various waste streams, with the objective of achieving standardised management, proper classification and effective reduction at source.

Waste Reduction at Source

The Group adopts a prevention first approach to waste management by reducing waste generation at source, particularly within its EMS Business and Aerospace Business operations. Key measures include:

- Control of raw material consumption: Production departments establish quality control targets to reduce raw material wastage arising from poor processing. Statistics on material wastage are recorded, reviewed and communicated internally as a cautionary reference to raise employees' awareness of resource conservation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Control of auxiliary material usage: Auxiliary materials are procured based on planned usage to prevent overstocking and expiry. Usage control targets are set to minimise wastage caused by improper handling or excessive consumption.
- Process optimisation: Continuous improvement of production processes and procedures is implemented to enhance material efficiency and minimise waste generation throughout the manufacturing cycle.

In parallel, the Group promotes waste reduction awareness through training and education, encouraging all employees to understand the importance of waste minimisation and actively participate in waste reduction initiatives.

Waste Classification and Record Management

The Group is committed to promoting waste separation, improving material recycling rates and reducing waste sent for disposal. During the Reporting Period, the Group actively responded to regulatory and societal advocacy on waste separation by strictly complying with waste classification requirements. Waste is placed, segregated and disposed of in accordance with relevant regulations, with special waste strictly separated from general waste.

According to the nature of the Group's business, waste generated is primarily classified into hazardous waste and non-hazardous waste:

Hazardous waste mainly includes waste tubes, waste organic solvents, waste batteries and waste activated carbon. On the other hand, non-hazardous waste mainly includes waste cartons, waste paper and domestic waste.

To enhance management effectiveness, the Group has implemented the following measures:

- Optimised waste records management: The quantities of hazardous and non-hazardous waste generated are regularly recorded, with complete and accurate disposal records maintained for data analysis and continuous improvement.
- Segregated storage: Waste is classified, collected and stored separately. Hazardous waste is clearly labelled and marked to ensure proper identification, handling and control.
- Performance accountability: Waste management responsibilities are incorporated into the performance appraisal of warehouse operations to strengthen staff accountability and ensure compliance with waste handling requirements.

Recycling and Resource Recovery

The Group actively enhances waste recycling and resource recovery wherever feasible. Recyclable waste is prioritised for recycling or reuse in accordance with the internally established "Procedures for the Disposal of Waste", with the aim of improving recycling efficiency, reducing raw material consumption and promoting the sustainable use of resources. Non-recyclable waste is disposed of in strict compliance with applicable regulations through licensed service providers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In office operations, the Group recognises the scarcity and environmental value of paper and continues to strengthen the implementation of its "Resources and Energy Management Procedures". Measures include advocating the use of office supplies on an as-needed basis, promoting double-sided printing, encouraging paperless office practices and issuing internal notices, announcements and policies via the OA office system to minimise paper consumption.

Disposal of Hazardous Waste

The Group places particular emphasis on the safe and compliant management of hazardous waste due to its potential environmental and health impacts. Hazardous waste generated by the Group mainly comprises waste activated carbon, waste cleaning agents, contaminated personal protective equipment (such as gloves and wiping cloths), waste lubricating oil, waste containers, spent filter elements, and discarded printed circuit boards arising from manufacturing operations, equipment maintenance and cleaning processes.

To ensure effective hazardous waste management, the Group:

- Updates its hazardous waste management plan annually based on regulatory requirements and production conditions;
- Establishes a comprehensive hazardous waste disposal list for tracking, monitoring and auditing purposes;
- Procures and uses raw materials in strict compliance with REACH and RoHS requirements;
- Maintains an independent hazardous waste storage warehouse, where all hazardous waste generated during electronics manufacturing is centrally stored and managed under controlled conditions;
- Engages qualified third-party disposal suppliers with government-approved credentials to transfer and treat hazardous waste.

Through these measures, the Group ensures the standardised, safe and compliant treatment of all hazardous waste.

Disposal of Non-hazardous Waste

During the Reporting Period, non-hazardous waste generated by the Group mainly comprised domestic and commercial waste from office areas, staff dormitories, canteens, and production sites. In accordance with local regulations, the Group has installed clearly labelled waste collection bins in production plants, offices and living areas, and requires employees to dispose of waste strictly in line with classification requirements.

Most of the non-hazardous waste generated is either recycled or collected and disposed of on a daily basis by licensed waste management companies, ensuring compliant disposal and effective resource utilisation.

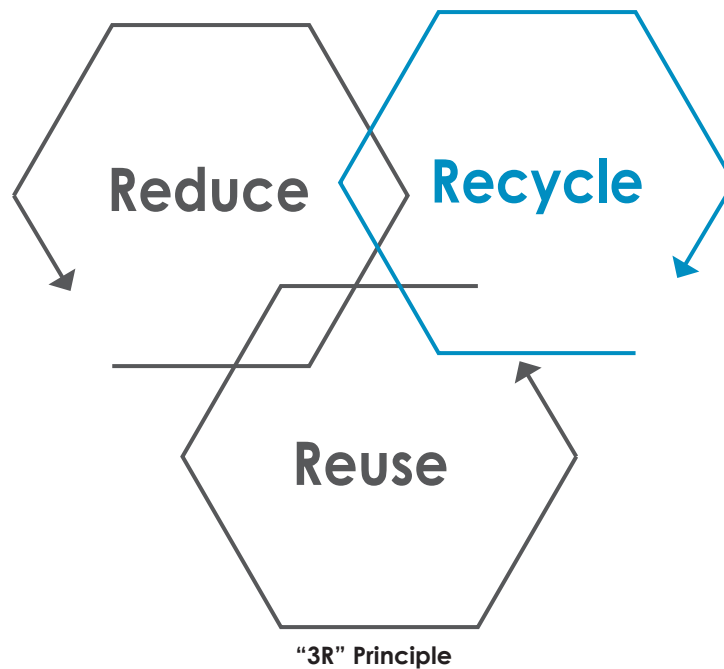
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group will continue to strengthen waste management governance, enhance waste reduction and recycling performance, and optimise waste management processes based on data analysis and operational feedback. Through continuous improvement, employee engagement and strict compliance with regulatory requirements, the Group aims to minimise environmental impacts from waste generation and support its long-term sustainable development.

Details of the Group's hazardous and non-hazardous waste generation performance are set out in APPENDIX I: ESG KPIs for 2025.

PACKAGING MATERIALS MANAGEMENT

Building on the “3R” principles — Reduce, Reuse and Recycle, the Group is dedicated to promoting the efficient and responsible use of packaging materials across its operations. We actively seek to minimise material consumption at the source, prioritise the reuse of suitable materials, and increase the recycling rate where feasible. To ensure a systematic and standardised approach, the Group strictly implements internal management guidelines such as the Resource and Energy Management Procedures, which outline clear requirements on material procurement, usage control, and waste reduction practices. Through continuous optimisation of packaging design, strengthening supplier engagement, and promoting awareness among employees, the Group strives to reduce unnecessary resource consumption and advance a more sustainable and environmentally friendly packaging lifecycle.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In respect of the EMS Business, the packaging materials utilised for the protection, storage and transportation of electronic products primarily consisted of corrugated cartons, structural colour boxes, paper-based dividers and partitions, paper corner protectors, anti-static expanded polyethylene (EPE) cushioning materials, as well as wooden pallets. Product labels, barcode stickers and user manuals were also applied as part of the packaging configuration to ensure product identification and traceability during logistics and handling processes. We have taken several measures to reduce packaging waste. These include reducing waste of raw materials, increasing the reuse rate of packages, and reusing and recycling all pallets, unused cartons and inflatable bags used in the production and packaging process. For details of the amount of packaging materials used during the Reporting Period, please refer to the section headed "APPENDIX I: ESG KPIS for 2025".

CLIMATE CHANGE

The Group fully recognises the significance and urgency of climate change and its potential implications for long-term business sustainability. In response, the Group is actively evaluating and implementing a range of initiatives to mitigate climate-related risks and to capture emerging opportunities associated with the transition to a low-carbon economy.

In preparing its climate-related disclosures, the Group has made reference to the International Financial Reporting Standards (the "IFRS") Sustainability Disclosure Standards, in particular IFRS S2 Climate-related Disclosures, which builds upon the recommendations of the Task Force on Climate-related Financial Disclosures (the "TCFD"). Climate-related risks and opportunities are identified, assessed and disclosed in accordance with the four core pillars of governance, strategy, risk management, and metrics and targets, with a view to enhancing transparency, comparability and decision-usefulness for stakeholders.

Strategy

The Group comprehensively improves its strategies and policies and continuously pays attention to changes in relevant laws. We have established and improved the "Typhoon and Rainstorm Contingency Plan", conducted regular emergency drills, and optimised the contingency procedures to ensure the safety of the employees and customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Management

Considering the characteristics of the Group's own business, the Group sorts out and identifies the risks of climate change in the aerospace and electronics assembly markets as well as long-term emerging risks that have a significant impact on its future business and develop mitigation measures accordingly. Meanwhile, we are actively working with governments, industry associations and other key stakeholders to address the challenges of climate change.

Types of risks	Sources of risks	Management measures
Physical risks	<p>Acute risk Frequent extreme weather (heat, typhoon, heavy rains, flooding, etc.) may lead to equipment malfunction, damage, or failure, impact on human health, and consequently, it may affect production processes, resulting in production stoppages or reductions, and loss of assets.</p>	<ul style="list-style-type: none"> • Formulation of typhoon and rainstorm contingency plan • Protection and maintenance of machinery and equipment
	<p>Chronic risk Long-term climate change can lead to increased operating costs such as energy costs, and persistent hot weather may affect the health and safety of employees and the operation and maintenance of equipment.</p>	<ul style="list-style-type: none"> • Continuous optimisation of response procedures to improve the resilience of plant operations • Regular emergency drills • Continuous attention paid to climate change and timely adjustment of response measures

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Types of risks	Sources of risks	Management measures
Transition risks	<p>Climate-related policy and regulatory risk</p> <p>The introduction of climate and environmental related policies may lead to limits on GHG emissions and higher costs, which could result in higher compliance and regulatory costs for companies.</p>	<ul style="list-style-type: none"> • Continuous attention paid to changes in relevant regulations to ensure compliant operations • Regular reviews and establishment of countermeasures in advance
	<p>Upstream supplier risk</p> <p>The impact of extreme weather may lead to insufficient supply from raw material suppliers or transport difficulties, resulting in delays in the shipment of raw materials and an increase in product and operating costs.</p>	<ul style="list-style-type: none"> • Reserve diversified sources of materials to reduce the risk of dependence on a single supplier, to ensure smooth production and supply
	<p>Downstream market risk</p> <p>Customers' preference towards eco-friendly and low-carbon products leads to a reduction in demand for existing products, thus reducing revenues.</p>	<ul style="list-style-type: none"> • Continuous attention paid to customer needs • More efforts in the research and development of green products
	<p>Technology risk</p> <p>Increasingly strict requirements and regulation of products and services require efficient production technology and processing method, which leads to higher product costs.</p>	<ul style="list-style-type: none"> • More efforts in the research and development of green products • Control and avoidance of harmful substances

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Future opportunity	Potential impact	Response
Transformation opportunity	Market opportunity Consumers' continuous focus on climate change and sustainability policies promotes the development of eco-friendly products and brands committed to responsible business practices, which will lead to new market opportunities.	<ul style="list-style-type: none"> China Strategic will pay close attention to and respond in a timely manner to the relevant national policies on sustainable development, adapt to the ever-changing market, and insist on promoting the green transformation and development of its business to actively respond to climate change while urging the industry to take a high-quality and low-carbon path.
	Business transformation Upstream, downstream and peers in the industry are developing low-carbon, energy-saving and eco-friendly technologies. The technological advances have offered great opportunities for cost reduction, contributing to industry transformation and upgrading.	

Metrics and Targets

We have initiated the collection of Scope 3 GHG data in the Reporting Period as part of our commitment to effective GHG emissions management. We understand the significance of broadening our Scope 3 inventory and are planning to improve our data collection efforts in the coming years. This comprehensive approach enables us to analyse GHG emissions by location and category, ultimately enhancing our ability to manage our overall emissions more effectively. Details of our GHG emission reduction measure can be found in the Exhaust Gas Emission Reduction Measures, Energy Use Conservation, and Waste Management section.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The GHG emissions of the Group mainly come from three aspects: combustion of fuel consumed by the Group's vehicles and the use of town gas in staff dormitories (Scope 1); purchased electricity (Scope 2); and other indirect GHG emissions (Scope 3), such as Category 5 (waste generated in operations) and Category 6 (business travel) under the "GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard". The performance of GHG emissions during the Reporting Period is summarised as follows:

GHG Emissions ¹	Source of Emission Factors	Unit	2025	2024
Scope 1 direct GHG emissions				
Combustion of fuel and town gas	<ul style="list-style-type: none"> "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published issued by the Stock Exchange Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Public Building Operation Units (Enterprises) (Trial), issued by the National Development and Reform Commission (NDRC) 	tCO ₂ e	922.26	172.14
Scope 2 energy indirect GHG emissions				
Purchased electricity	<ul style="list-style-type: none"> HK Electric Investments Sustainability Report 2024 CLP Holdings 2024 Sustainability Report Notice on the Release of 2024 Electricity Carbon Footprint Factor Data (關於發佈2024年電力碳足跡因子數據的公告) 	tCO ₂ e	2,586.92	3,822.80
Scope 3 other indirect GHG emissions				
Category 5: waste generated in operations	<ul style="list-style-type: none"> Please refer to "Scope 3 Reporting Boundary" 	tCO ₂ e	9.01	N/A
Category 6: business travel			6.96	N/A
Total GHG emissions (Scope 1, 2 and 3)		tCO ₂ e	3,525.15	3,994.94
Total GHG emissions intensity (Scope 1, 2 and 3)		tCO ₂ e/employee ²	12.16	7.03

¹ Starting from this Reporting Period, the Group discloses environmental data for the most recent two years only, due to enhancements in data collection methodologies and internal control processes. As historical data prior to this period was prepared under different assumptions and boundaries, it is not directly comparable and has therefore been excluded to ensure data accuracy and consistency.

² As at 31 December 2025, the Group's total employees were 290 (2024: 568). This data will also be used for calculating other intensity data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Scope 3 Reporting Boundary

Scope 3 Category	Relationship with the Group	Calculation and Emission Factors
Category 5: waste generated in operations		
Emissions from the disposal and treatment of waste generated.	Among the waste produced, the most significant sources of emission are identified as wastewater.	<ul style="list-style-type: none"> Assessed using waste-type-specific method. It is calculated by multiplying the amount of wastewater generated by the Group by the corresponding emission factor, considering the method of disposal. The source of emission factors: "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange, and "Environmental, Social and Governance Report 2023–24" published by the Drainage Services Department of Hong Kong.
Category 6: business travel		
Emissions from the transportation of employees for business related activities.	The most significant sources of emission are identified as air travel.	<ul style="list-style-type: none"> Assessed using distance-based method. The air travel emission is calculated by multiplying the distance travelled by specific flight class by the corresponding emission factor. The source of emission factors: ICAO Carbon Emissions Calculator of International Civil Aviation Organization (the "ICAO").

Our Approach	
Standards	<ul style="list-style-type: none"> The "GHG Protocol: A Corporate Accounting and Reporting Standard (2004)" (《溫室氣體核算體系:企業核算與報告標準(2004年)》) issued by the World Resources Institute and the World Business Council for Sustainable Development The "Global Warming Potential Values" from the Sixth Assessment Report issued by the Intergovernmental Panel on Climate Change "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange
Measurement method	Using operational control, as operational information is accessible
Operational boundary	The Group's Aerospace Business and EMS Business in Hong Kong and PRC, including headquarters and production sites

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GHG Emission Targets

In order to comply with the Part D: Climate-related Disclosure Requirements under the Code updated on 1 January 2025, the Group has established the GHG emissions reduction targets follows a bottom-up approach, with reference to the Practical Net-Zero Guide for Business by Stock Exchange, details of which are set out below:

Target Information		Target Setting	
Target Setting	By 2030, the near-term target is reducing Scope 1 and 2 GHG emissions intensity by approximately 12.77% compared to 2025, the benchmark year.	Scope 1 and 2 GHG emissions intensity (tCO₂e/employee)	Decrease compared to the benchmark year (%)
Type of Target (Absolute/Intensity)	Absolute	Total GHG emissions intensity — benchmark year (2025)	3,509.18 /
Aim of Target	In line with the Practical Net-Zero Guide for Business by Stock Exchange, the target has been established after the Group analysing the GHG reduction potential of the business operations and identifying all practical actions.	Total GHG emissions intensity — target year (2030)	3,061.16 ▼12.77%
Progress Monitoring	The Board reviews the target and performance of Scope 1 and 2 GHG emissions intensity and evaluates whether any revisions are needed.		
Target Scope	Covering the Group's Aerospace Business and EMS Business in Hong Kong and PRC, including headquarters and production sites		
Current Progresses			
	Scope 1 and 2 GHG emissions intensity (tCO₂e/employee)	Decrease compared to the benchmark year (%)	
2025	3,509.18	/	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Carbon Offset

The Group believes that prudent and high-quality carbon offset plays a role in reducing our GHG emission. We will actively explore the information and services available on the Core Climate platform of the Stock Exchange regarding carbon credit purchase, seeking ways to completely offset the GHG emissions. The Group will continue to evaluate our carbon offset strategy, including procurement standards, suitable platforms and schedules. Exploring the long-term investment opportunities in carbon removal projects and gradually reducing reliance on carbon offset will be our focus.

CARE FOR EMPLOYEES TO CREATE A HARMONIOUS WORKPLACE

We believe that talent is a valuable asset for the long-term development of the Group. Adhering to the people-oriented approach, we create a diverse and equitable working environment for our employees. We attach importance to the health and safety of our employees, organise a wealth of training activities, and provide appropriate resources to support their planning of a clear career path. Meanwhile, we care about the life of our employees and organise various cultural and sports activities for them. In addition to the statutory benefits, we also provide other benefits. We listen to the demands of our employees and do our best to create a good working environment for them.

In addition, we attach importance to the employee turnover rate and will consider relevant human resource management strategies in the light of the actual situation, in a bid to improve employee satisfaction. During the probationary period, we will conduct monthly interviews to understand new employees' feelings and opinions about the work environment, work contents and company management.

DIVERSITY AND EQUAL EMPLOYMENT

We strictly comply with the laws and regulations of the countries and regions in which we operate, including the Labour Law of the PRC, the Labour Contract Law of the PRC and the Employment Ordinance of Hong Kong. We have formulated and put into use a series of human resource management systems, including the "Recruitment and Onboarding Management Regulations" and the "Employee Handbook", establishing a human resource management system based on respect for human rights. The Group upholds a fair and respectful attitude in selecting and employing talents, prohibits to differentiate between candidates based on their personal information, such as gender and sexual orientation, and is committed to creating an equal and inclusive working environment. At the same time, we strictly prohibit child labour or any form of forced labour. To prevent illegal employment, we check the identity documents of applicants when they join the Group. Upon discovery, such practices are promptly investigated and addressed through corrective and preventive actions. Appropriate disciplinary measures, policy enhancements, and training are implemented to prevent recurrence, with ongoing monitoring to ensure effectiveness. With regard to the prohibition of forced labour, we have clearly stipulated the 8-hour schedule in the "Employee Handbook" and do not force employees to work overtime. In 2025, there were no incidents of child labour, forced labour, discrimination, harassment or human rights violations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

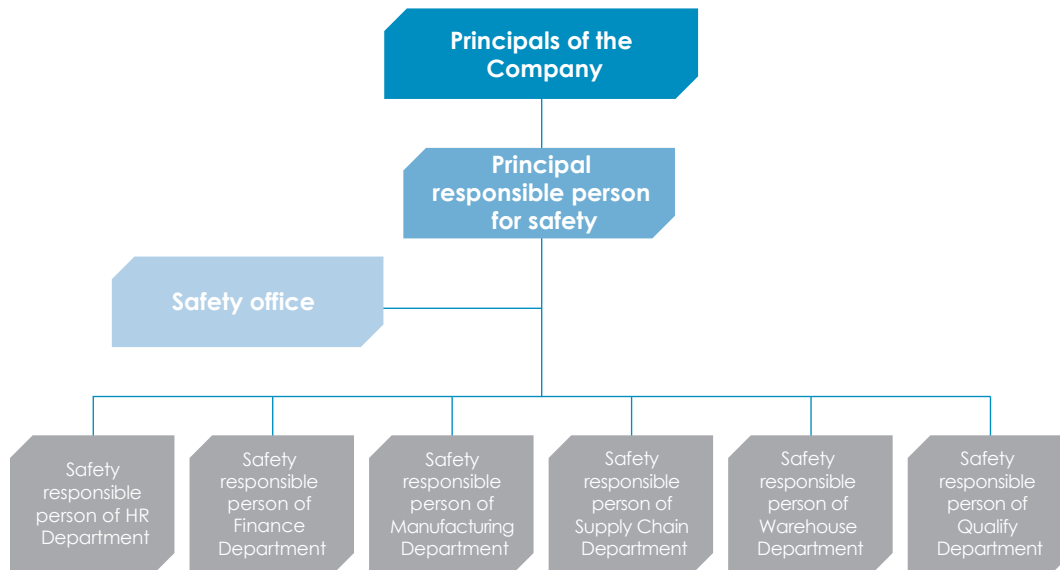
We adhere to the principles of fairness and diversity in employment and seek suitable talents through various channels to build a diversified and professional team. We have three major recruitment channels: external recruitment, internal recruitment and labour dispatch, of which external recruitment includes campus, social, and online recruitment, while internal recruitment is mainly based on referrals by departments and employees. We use a variety of channels to recruit talents, expecting to find more talents that meet the job requirements, to improve the Group's efficiency and contribute to the quality development of the Company.

OCCUPATIONAL HEALTH AND SAFETY

Creating a safe and healthy working environment for the employees is a key part of our work. In accordance with the Fire Protection Law of the PRC, the Law of the PRC on Work Safety, and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), we have formulated the "Regulations on Work Safety Management" to prevent, reduce and control accidents, and to clarify responsibility and implementation.

To protect the safety and health of all employees and to implement the concept of work safety, we have appointed a person responsible directly for safety in each department and have detailed the safety responsibility for each team and position.

Organisational Structure of the Fire Safety, Work Safety and Occupational Health Management Committee



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Departmental Safety Responsibilities

Department	Main Safety Responsibility
Principals of the Company	<ul style="list-style-type: none"> • Establish a comprehensive assurance system for work safety and industrial hygiene and safety • Hold regular meetings on work safety topics • Organise the establishment of specific indicators and targets for work safety and industrial hygiene
Office	<ul style="list-style-type: none"> • Develop and implement safety education training programmes • Regularly organise various forms of safety education training courses in accordance with work schedules • Incorporate work safety performance into employee performance appraisal
Workshop	<ul style="list-style-type: none"> • Prepare production plans, taking into account technical security measures, and implement and review production plans in conjunction with the check of safety measures • Arrange production tasks, take reasonable consideration of the capacity of production equipment, carry out balanced production and control overtime work
Finance Department	<ul style="list-style-type: none"> • Carefully implement the national regulations on the funding of safety and technical measures in enterprises, earmark funds for specific purposes and account for them regularly

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We attach great importance to work safety. During the Reporting Period, we carried out a series of control initiatives in the chemical management for our warehouses and access management for our workshops. Besides, we posted safety signs in our workplaces to remind our employees to always be aware of work safety. To strengthen the safety management of hazardous chemicals and protect the lives of our employees, we have formulated the "Regulations on the Safety Management of Hazardous Chemicals", which regulates the storage, use and disposal of hazardous chemicals, and specifies the departments responsible for the safety of storage, use and transport of hazardous chemicals. In addition, we strictly control the entry and exit of personnel in workshops and warehouses. We monitor and record employ access to warehouses through the Manufacturing Execution System (MES) for EMS Business operations, and complementary manual controls, to ensure effective oversight of hazardous chemicals and to prevent the loss, misuse, or unauthorised removal of warehouse materials.



Safety Signs

In order to implement the relevant national technical safety standards and regulations, and to detect and eliminate potential dangers in equipment and facilities, workplaces and operations in a timely manner, we have formulated the "Regulations on the Inspection and Remediation of Potential Safety Hazards" (安全隱患排查及治理規定), which sets out detailed requirements for work safety inspection to avoid the occurrence of work-related accidents and to protect the health and safety of the employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We carry out inspections on the implementation of the safety management systems, safety work records, and safety hazards at work sites mainly through safety management inspections and on-site safety inspections. At the company level, the Safety Committee and the Environmental Safety Committee are responsible for safety inspections at the end of each quarter and before holidays. At the departmental level, each workshop and team carry out weekly and daily inspections of equipment and facilities. If potential safety hazards are identified during safety inspections, we require the department that needs to carry out rectification to complete the rectification within a specified period of time in accordance with the Potential Hazard Rectification Notice or the Safety Rectification Implementation Plan issued by the inspection department. The inspection department will review the rectification results in order to prevent the recurrence of the hazards. After the safety inspection, for the problems identified during the inspection, each department will use the "Production Express", as well as reports, pictures, posters and other forms to inform and educate the employees about the potential hazards around them, so that they would consciously pay attention to the hazards and make rectification.

During the Reporting Period, the Group obtained the Occupational Health and Safety Management System Certification. We will continue to optimise our safety management model. The Group exercises stringent control over work safety, puts the safety and health of the employees at the forefront of our efforts, and promotes full participation in work safety.



Occupational Health and Safety management System Certification

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Safety Education and Training

The Group has formulated the "Regulations on the Inspection and Remediation of Potential Safety Hazards" (安全隱患排查及治理規定) in accordance with the Law of the PRC on Work Safety and regularly conducts safety education and training for all employees. We aim to make our employees aware of work safety and internalise the concept of work safety through diversified forms of training, such as instructor training and company visits. In addition to organising safety education and training for our employees, we also conduct emergency drills at each of our plants every year, including fire safety drills and emergency drills for hazardous chemical leakage, to raise the safety awareness among our staff, strengthen their emergency response skills, and to ensure the stability and safety of our operations.

2025 Safety Education and Training



Safety Education and Training

- During the Reporting Period, we organised all our staff to watch a safety awareness video and to publicise the contents of the work safety and the environmental management system.



Fire Safety Training

- During the Reporting Period, we organised a one-hour comprehensive canteen fire safety training and a fire safety and prevention of industrial accidents training for employees, in which employees learnt about fire safety tips, escape routes and improved their fire safety skills.

To strengthen new employees' awareness of work safety, the Group requires new employees to receive no less than 24 hours of three-level safety education, namely, the company level, department level, and team level, before commencing work. New employees are allowed to start work only after they have understood the national and Group work safety policies workshop production processes and precautions, and post safety and technical regulations. In addition, we require special workers to obtain relevant qualifications before commencing work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Three-level Safety Education and Training for New Employees

Level 1 Company level safety education	Level 2 Department level safety education	Level 3 Team level safety education
<ul style="list-style-type: none"> Organised by the Group's EMS business production with the assistance of all departments. The contents include: the Party and the State's guide lines, policies, regulations, systems regarding work safety and the significance of work safety, general safety knowledge, the characteristics of our production, and case studies of major accidents. Only after passing the exam can they be assigned to the production and non-production departments of the Company. 	<ul style="list-style-type: none"> Organised by the department heads. The contents include: workshop production characteristics, processes and procedures, performance of major equipment, safety technical regulations and systems, lessons learned from accidents, the use of dust and poison prevention and anti-scorching facilities and safety tips. Only after passing the exam can they be assigned to work sections and teams. 	<ul style="list-style-type: none"> Organised by the team leaders. The contents include: job positions, characteristics, the structure and working principle of main equipment, operation tips, post responsibility system, post safety and technical regulations, accident cases and preventive measures, safety devices and tools, personal protective equipment, protective tools and the correct use of fire equipment.

To strengthen communication with the government and the industry on work safety education, we actively participate in exchanges with local governments, fire brigades, labour bureaus and other government agencies. Besides, we are invited to participate in the safety guidance activities of the industry peers, to enhance the industry's understanding of work safety, communicate the work safety concept and promote work safety management across the industry.

Occupational Disease Prevention and Control

To effectively prevent, control and eliminate occupational disease hazards in the working environment, regulate occupational health supervision and prevent the occurrence of occupational diseases, we have formulated the "Regulations on Occupational Health Management in the Workplace" (作業場所職業衛生管理規定) in accordance with the "three simultaneous" policy, which makes clear provisions for the prevention and management of occupational disease hazards in the working environment, the health supervision of workers exposed to occupational disease hazards and the diagnosis and treatment of such diseases.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group pays close attention to the occupational health of the employees. We have equipped employees exposed to toxic and harmful substances with sufficient protective equipment and arrange annual health examinations for all employees. For potential occupational hazards such as industrial toluene, methanol and organometallic compounds, we appoint external testing agencies to carry out occupational health, safety and environmental assessments and provide testing reports. At the same time, we organise occupational disease screening for employees in relevant positions and pay long-term attention to those who may have such diseases, to take full care of their health in the workplace and create a safe and friendly working environment.

Besides, we attach great importance to the physical and mental health of our female employees. In strict compliance with the "Special Rules on the Labour Protection of Female Employees", the Group conducts a risk assessment of the hazards that pregnant and breastfeeding female employees may be exposed to, to avoid their exposure to toxic and harmful substances. We provide pregnant female employees with anti-radiation aprons to avoid possible effects of computer radiation on the foetus and transfer them to other positions to avoid potential lung damage caused by dust in the workshop.

During the Reporting Period, to raise the employees' awareness of occupational disease prevention and control, we organised an occupational health training for our staff. During the training, we introduced the Law of the PRC on Prevention and Control of Occupational Diseases and the responsibility of employers for employees' occupational health examinations. We also offered several suggestions on the prevention of occupational diseases, such as improving personal protection, developing good hygiene habits, and strictly following safe operating procedures.

Coping with Extreme Weather

Climate risk has a complex impact on the Group's physical operations, supply chain integrity and other production and operational processes. With the increasing occurrence of extreme weather events, the Group's management of extreme weather events plays an important role in the Group's operations, which helps to ensure that the Group is adequately prepared to deal with climate risks and to minimise their impact on the Group. In anticipation of potential typhoon activity, the Group organised the management of the Company to conduct factory inspections prior to the arrival of the typhoon and arranged for the reinforcement of advertisement boards, the roof of the loading platform, the roof-top exhaust gas treatment facilities and the air-conditioning units, to protect the health of the employees and ensure the safety of the Company's properties.

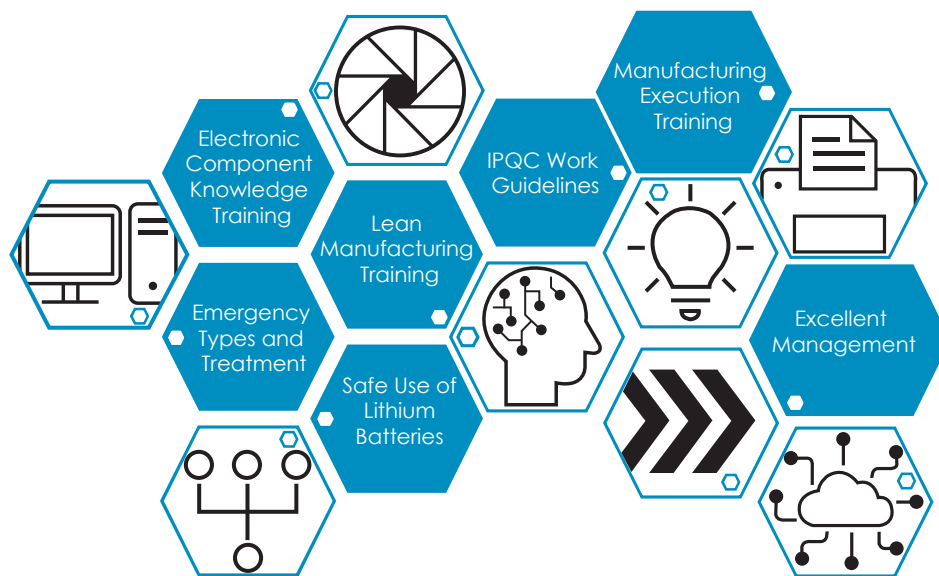
EMPLOYEE TRAINING AND PROMOTION

We firmly believe that the high matching degree of talent and position is the key factor for employees to help enterprises create higher value, in order to allow employees in management positions or technical positions to obtain good career development according to their personal characteristics, we have formulated the "Training Management Control Procedures" and annual training plan, and divided the training methods into employee induction training, pre-job training, on-the-job training and agreement training, to provide employees with diversified vocational skills training. Meanwhile, we regularly evaluate the effectiveness of training to meet the growth needs of employees in different career positions and development stages.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the Aerospace Business, in order to meet the needs of high-end business development, we have organised several skills training courses for personnel in R&D, manufacturing and data positions, bringing relevant skills and knowledge to our employees in anticipation of their continuous learning and contribution to the Group's aerospace business development.

The training topics cover management talent training and professional skills training, effectively enhancing the Group's management skills, production management capabilities and team cohesiveness. Through these efforts, we continue to grow potential talents and strengthen the core competitiveness of the Group.



Training Project for Employees of EMS Business

Employee Promotion

To enable employees to clearly understand and plan their own career development paths, we have developed a specific, measurable and achievable performance appraisal plan. According to the key performance indicators and corresponding weights of different departments, we have set up 4 performance appraisal levels, aiming to achieve a fair and just evaluation of employees' work performance with a more scientific and reasonable evaluation.

Among them, especially for positions that require high-level operational skills and have complex responsibilities, we have developed a "Key Position Personnel Management Plan". In this plan, we have divided complex positions into 3 levels, and within each level, we have further divided into 3 distinct types of positions. Based on different job skill requirements and individual expectations, we have established assessment measures, promotion mechanisms and provided the opportunity for same-level technicians to switch positions. Moreover, we offer corresponding key position subsidies to different levels of technicians based on their skill levels and job performances. For those highly skilled workers, we not only provide promotion opportunities but also offer more development opportunities. Through these measures, we hope to build a robust talent team to provide solid support for the Group's development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYEE CARE AND COMMUNICATION

We treasure the physical and mental health of our employees and attach importance to their spiritual lives. We keep an eye on their expectations and demands in their work and life and respond to their needs in an active manner. By organising recreational and sports activities in various forms with rich contents for employees, their lives are enriched their needs for a better life are fulfilled. We have fostered a happy working and living environment, thereby enhancing employees' sense of belonging.

Employee Activities

To alleviate working pressure and enhance employees' well-being, we organise a birthday party on a monthly basis, inviting the birthday employees to celebrate together and presenting them with birthday gifts. Additionally, we host the Family Day and other activities, inviting staff to participate in parent-child games with their children, in a bid to enhance parent-child interaction and nurture familial bonds.



Employee Birthday Party



The Family Day

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Remuneration and Benefits

The Group strictly abides by the relevant laws and regulations of the PRC and continuously optimises the remuneration and benefits system for employees in accordance with the relevant provisions of the Social Insurance Law of the PRC and the Regulations on the Administration of Housing Provident Fund. In accordance with the relevant regulations of the local government, we pay five social insurances and one housing fund for our employees on time and in full, and at the same time, we follow the Hong Kong Employment Ordinance to pay the mandatory provident fund for Hong Kong employees. In addition, we also provide a range of non-pay benefits, such as paid annual leave, marriage leave and holiday holidays. We effectively protect the basic rights and interests of employees, such as labour remuneration and social insurance, and strive to build harmonious labour relations.

Communication with Employee

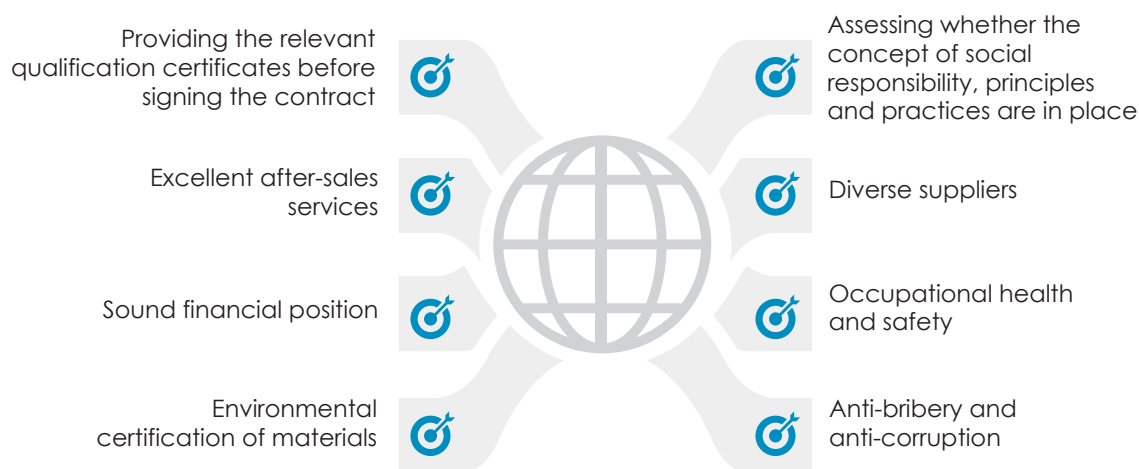
We highly value the opinions and suggestions from our employees. In addition to monthly interviews with new employees during their probation period, we also regularly collect feedback from employees. Employees may give their feedback via channels such as morning meetings, complaints to the Management Department and the General Manager's email. In this way, we enhance the sense of understanding, belonging and accomplishment of our employees, and create a workplace of mutual respect, communication and trust, as well as harmonious labour-management relations.

To better meet the needs of our employees, we will continue to improve the Group's benefits policy based on their feedback and suggestions. At the same time, we will strengthen internal communication and increase opportunities for employees to participate in company decision-making, letting them feel the company's appreciation and care. Through these measures, we hope to further enhance our employees' satisfaction and loyalty, laying a solid foundation for the company's long-term development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUPPLIER MANAGEMENT

To establish a sustainable and win-win strategic partnership with our suppliers, we strictly comply with the Civil Code of the PRC, the Bidding Law of the PRC, and other laws and regulations. In addition, we have adopted a standardised supplier management system to continuously optimise the lifecycle management process of our suppliers and to improve their delivery quality and services. In addition, to reduce supply chain risks and create a more resilient and sustainable supply chain, we always practice social responsibility in the improvement and operation of our supply chain, and include factors like environment, health and safety, employee rights, and business ethics in our supplier evaluation criteria.



Principles for the Overall Management of Suppliers to the Aerospace Business

During the Reporting Period, to improve the satellite development and manufacturing and to reduce manufacturing risks and material waste, we signed strategic cooperation agreements and system contracts with a number of domestic and foreign partners and space agencies. By sharing resources, knowledge and technologies during the cooperation, we have further optimised the design of satellites, reduced material waste and provided advanced satellite measurement, control and operation and maintenance solutions.

For the EMS Business, our sourcing scope covers the upstream and downstream industries of IC manufacturing, including production equipment, maintenance parts for production equipment, raw materials for production, plant facilities, fire protection facilities and engineering. We seek to co-operate with a wider range of suppliers, and in the procurement process, we rigorously monitor the procurement quality requirements and utilise procurement preferences to meet our needs for IC manufacturing devices.

Supplier Selection and Assessment

Suppliers are vital partners in our business and play a key role in our ability to deliver high-quality products and services. Therefore, we attach great importance to the selection and management of suppliers. We continuously improve comprehensive supply chain management and have currently established a full life cycle management system that covers supplier development, admission, selection, evaluation, and exit. We hope to build stable strategic partnerships with partners who share our values to provide quality products to our customers jointly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In Aerospace Business, we focus on the compliance and sustainability of supply chain management, enhance supplier screening and risk control, and strive to reduce supply risks. In the process of supplier admission and daily procurement, we emphasise intellectual property protection and enhance supply chain risk control capabilities. Meanwhile, we proactively adopt suppliers that follow ESG-related international guidelines to achieve greener and more environmentally friendly operations.

Full Lifecycle Management System for Aerospace Business Suppliers



Improve supplier management

The Group continues to monitor all aspects of the supply chain in order to avoid possible problems in the supply chain in advance.

- Approach suppliers before working with them to assess their compliance with ESG principles and exclude those who are unable or unwilling to meet the criteria.
- Actively seek out potential suppliers who can eliminate process safety risks through technical means and tools at an early stage of product design.
- Carefully examine the associated risks and assess potential problems as we enter the production delivery process.



Enhance supplier selection

The Group engages suppliers based on technical requirements, considering criteria such as:

- The quality of the service or product and the impact on the Group's business
- The proposed price or cost compared with the Group's relevant budget
- The supplier's reputation and brand image
- Financial soundness
- Adequate after-sales service or support



Regulate procurement management

The Group considers sustainable development criteria in its procurement decisions. From time to time, suppliers are required to update the environmental parameters of their products and services for evaluation. Suppliers who fail to meet safety and environmental targets are required to provide improvement plans and to do so within a certain time frame.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Full Lifecycle Management System for Aerospace Business Suppliers



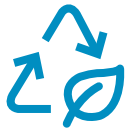
Conduct internal control procedures

The Group has implemented effective internal control procedures, adhered to an anti-corruption philosophy and strictly prohibited unethical business practices. Any procurement transactions are subject to an approval process to comply with internal control procedures. This includes, but is not limited to, (1) compliance with fair procurement policies; (2) compliance with all relevant rules and regulations; (3) clear reporting channels and whistleblowing protection policies; (4) risk management to eliminate all corrupt practices.



Enhance supplier assessment

The Group may only source services and products from suppliers who are on a registered and qualified supplier list. This list is subject to regular review and updated from time to time.



Cooperate with environmentally friendly suppliers

To achieve our sustainable development goals, the Group gives preference to suppliers who have green policies for their products to reduce waste and protect the environment in our supplier selection process. We also (1) have a dedicated sustainability working group to provide assistance and guidance; (2) source products that do not have a negative impact on the environment as far as possible; (3) provide products that have the least environmental impact over their useful life; (4) avoid packaging or use minimal packaging, reduce energy or water consumption, and reduce or avoid toxic substances.



Intellectual Property Protection

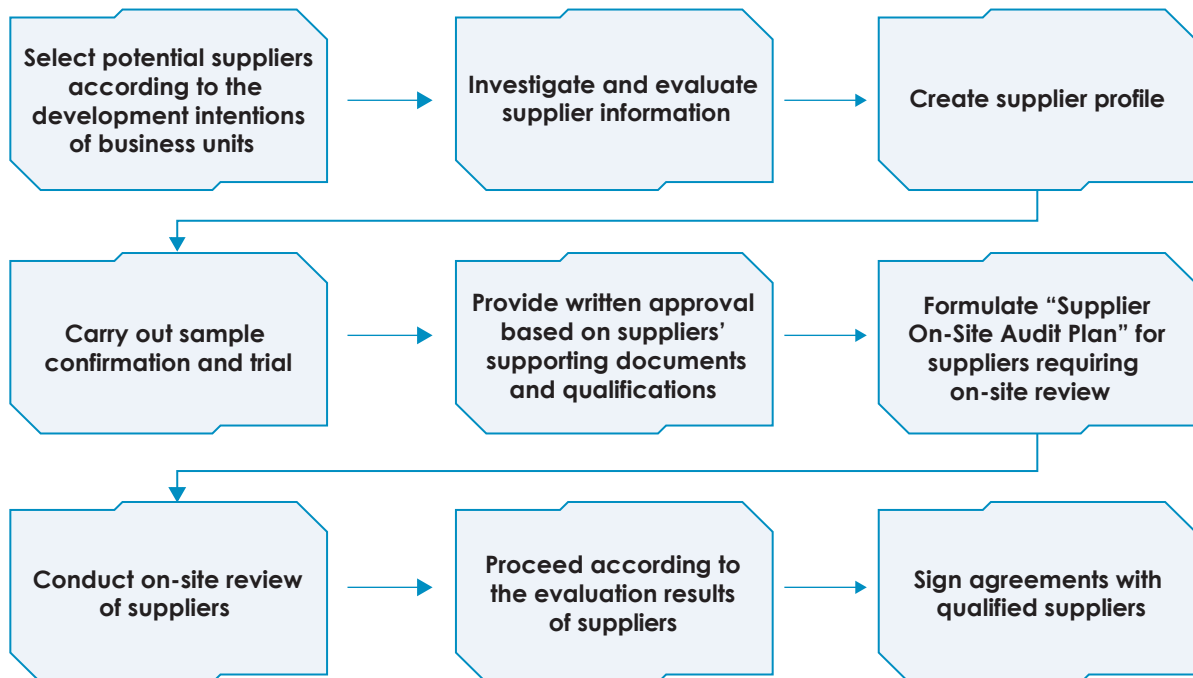
When engaging suppliers, the Group will ensure that the contract terms include the protection of intellectual property rights. In the course of business, when purchasing and customising products and services, the Group will only purchase genuine intellectual property rights and will respect all legal or eligible intellectual property rights registered or created by existing copyright owners.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the EMS business, to enhance the quality of our products and services, we have the “Supplier Development and Introduction Control Procedures” in place to formulate supplier types and the assessment standards of various suppliers, thus allowing a more rigorous review and comprehensive evaluation of the introduction of suppliers.

To ensure the quality of suppliers' delivery, service level and development efficiency, we conduct strict audits on the introduction of new suppliers, including product quality and safety, business ethics, and we also require potential suppliers to provide quality management system and environmental management certifications, and if necessary, we will also conduct on-site audits.

Application and Review Process for New Suppliers



In respect of the EMS Business, to continuously track the delivery capability and product quality of our suppliers, we conduct an annual QDCSTE (Quality, Delivery, Cost, Service, Technology, and Environment) assessment of our qualified suppliers to perform a comprehensive assessment of our suppliers' performance and relationship, and separate scores are given for labour management, social ethics, health and safety, and environmental standards to verify the competence of our suppliers in each sector. Suppliers with severe quality and environmental violations, or with two or more breaches of safety standard specifications or quality issues within three months may be disqualified. After the disqualification, for suppliers with sincere cooperation intentions who promise to make rectification within a prescribed time limit and have achieved effective results, we may decide whether or not to reinstate them as qualified supplier via quality review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Evaluation dimensions	Evaluation indicators
Quality (25 points)	Lot reject rate ("LRR") Defect parts per million ("DPPM") Number of and timeliness of response to material vendor corrective action request ("VCAR")
Delivery (20 points)	On-time delivery rate ("ODR") Down line hours
Cost (25 points)	Does a supplier meet the Company's cost reduction expectations Does a supplier meet the Company's AMS60-day settlement expectations Comparison of cost (price)
Service (10 points)	Scoring by IQC/SQE, sourcing engineers and procurement merchandisers, respectively
Engineering capability (10 points)	Scoring by the engineering department
Environmental protection (10 points)	Environmental protection RoHS Reach No Halogen

Green Procurement

We actively fulfil responsible sourcing and require suppliers to sign a "Supplier Environmental Protection Agreement" when establishing cooperative relationships with new suppliers. The agreement stipulates that the parts, assemblies and ancillary materials supplied to us by our suppliers must comply with and meet the latest directives and regulations of each country and market on relevant environmental laws, regulations and standards. For hazardous substances such as lead and lead compounds, mercury and mercury compounds, we also set clear limits for suppliers.

In addition to providing us with RoHS, REACH and other reports when necessary, suppliers also need to ensure that their environmentally friendly products should be labelled on the packaging. We promote the concept of green development by strictly requiring suppliers to provide materials that meet environmental protection requirements, and jointly integrate sustainable development and environmental protection concepts into our business to contribute to the green development of the industry. We have made corresponding requirements of our suppliers to respect employees' freedom of association and collective bargaining rights, combat discrimination, uphold fair employee wage, compensation and reasonable working hours, etc. We also encourage suppliers to regularly review their adherence to the Code of Conduct, make it public to all their employees, and enhance the employees' attention towards violations of the Code of Conduct. In this way, we can better meet and even exceed the requirements set by social responsibility mandates.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has been committed to maintaining effective communication with suppliers through face-to-face meetings, email exchanges and other channels. In the process of continuous improvement, with the aim of achieving win-win cooperation, we provide suggestions to suppliers who are unqualified or underperforming, and discuss win-win product improvement plans together.

PRODUCT INNOVATION AND QUALITY MANAGEMENT

High-quality products and services are the beginning of the pursuit of excellence and the key to driving the Group's sustainable development. The Group has always been adhering to lean quality and technological innovation, constantly exploring digital and intelligent operation and management modes, and continuing to create high-quality product experiences for customers.

We are committed to developing data processing and analysis platforms to provide customers with high-quality data processing, image analysis and smart solutions by integrating satellite data, geographic information systems and artificial intelligence technologies. Our goal is to help our customers make better use of satellite data to solve problems and make strategic decisions.

R&D of Next-generation Satellite Technology

We have invested considerable resources in the R&D of next-generation satellite technologies, including higher-resolution remote sensing satellites and more advanced communications satellites. These satellites will have enhanced performance and functionality to meet customer needs in various fields.

Data Processing and Analysis Platform



Space Communications Services

We will continue to improve the reliability and efficiency of our space communication services. We will introduce more advanced satellite communication technologies, expand satellite communication coverage and provide more flexible and customisable communications solutions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To meet the growing needs of our customers, we will continue to focus on product innovation and service improvement in the future. Our plan is to constantly promote the innovation and development of satellite products and services, providing customers with more advanced and reliable solutions through the following priorities.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategic Development



Green Smart Industrial Development and Zero-Carbon Industrial Park Initiative

During the Reporting Period, the Group advanced its green development strategy by participating in the development of a zero-carbon industrial park in Meizhou High-tech Zone (梅州高新區), Guangdong Province. Through a strategic cooperation arrangement with local authorities, the Group commenced the establishment of a zero-carbon aerospace and energy-related manufacturing base, integrating aerospace manufacturing, energy storage manufacturing and smart energy management systems within a unified industrial framework.

Leveraging its aerospace engineering expertise, the Group aims to apply advanced technologies — such as energy management, thermal control, system reliability and intelligent monitoring — to industrial and energy applications, supporting the development of a low-carbon and resource-efficient manufacturing ecosystem. The project is positioned as a demonstration platform for green and smart industrial development, contributing to the promotion of low-carbon industrial practices, technological innovation and sustainable economic growth in the region.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Quality Management Key Initiatives

The Group upholds a “quality-first” principle in its EMS business and strictly complies with the applicable laws and regulations in all regions of operation, including the Product Quality Law of the PRC, as well as relevant international standards on quality, environmental management, and occupational safety. We continuously enhance our technologies and product quality and regularly review and refine our quality management system to ensure its effectiveness. By implementing rigorous product quality standards across every stage of production and manufacturing, the Group ensures strict execution of quality control measures and consistently delivers high-quality products to customers. During the Reporting Period, the Huizhou Plant of the Group’s EMS business obtained several important certifications, as outlined below:



ISO 9001 Quality Management System Certificate



ISO 14001 Environmental Management System Certificate



ISO 45001 Occupational Health and Safety Management System Certification



ISO 13485 Medical Devices-Quality Management System Certificate



IATF 16949 Manufacturing of Printed Circuit Boards Assemblies Certificate of Registration



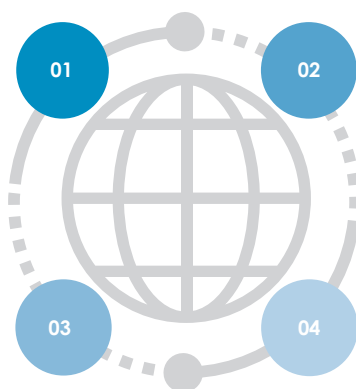
ANSI/ESD S20.20-2021 Manufacture of ESDS Components of Production for PCB Assembly and Communication Equipment Certificate of Registration

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group adheres to the quality management method of "Rapid response and Quality control". During the Reporting Period, the Group continued to optimise the internal management systems and procedures related to product quality, and issued a series of quality management system documents such as the "Quality Incentive Management Regulations", "Measures for Escalation Management" and "Operational Guidelines for Printed Board Strain Testing", and updated the "Quality/Environmental/Occupational Health and Safety/Hazardous Substances Process Management Manual". We comprehensively control product quality through three lines of defense: quality control of incoming materials from suppliers, quality management of production processes, and quality management of finished products for shipment.

The Group promoted the Electrostatic Discharge (the "ESD") site improvement and system certification and obtained Certificate for China Compulsory Product Certification (the "CCC") certificate from the customer.

The Group introduced new dispensing machines and laser engraving machines, which also improved the quality and production efficiency of the Company's products.



The Group carried out the improvement project Quality, Improvement and Team (the "QIT") improvement project, where all employees can send suggestions for enhancement and improvement in lean manufacturing to the project team via the QR code.

The Group carried out on-site training on Industrial Engineering (the "IE") Basic Knowledge and IE Seven Techniques" to quality engineers.

The Group's EMS production base carries out quality performance control in the areas of incoming material inspection and finished product inspection based on the product positioning, process characteristics and development needs of the plant. Moreover, we decompose the quality control work piece by piece and allocate it to the main departments of the relevant processes to build up a quality management target system linked to the performance of each department. In 2025, the qualified rate of incoming materials inspection of the Group's EMS products in the month reached 99.81%, the qualified rate of finished product batches reached 99.35%, and the on-time delivery rate of products reached 99.35%, which has reached our expected goals. During the Reporting Period, we did not experience any product recalls due to product quality and health and safety issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Intelligent Quality Management and Control

In order to strengthen the efficiency of quality management, the Group has launched the enterprise resource planning software system (the “**SAP System**”) and manufacturing execution system (the “**MES System**”) to realise the whole process management from incoming materials to product release, vertically connecting the quality information chain of the Group’s EMS plants and upstream and downstream suppliers, and horizontally running through the quality business chain of procurement, production and testing, so as to realise the interoperability of quality information, paperless quality inspection and transparent quality management and comprehensively improve the quality management level of the Group.

The Group has advanced SAP System modules in place in terms of inventory analysis, order control, report analysis and cross-factory information sharing. Also, we continuously improved the traceability and intelligent management of all aspects of production and manufacturing and gradually promoted the optimisation of the operation and management of the production planning and manufacturing processes to improve production efficiency.

01

Enhancing Product Traceability

Traceability is one of the key functions of the MES System, which provides data support for quality traceability by sorting out and recording product material information, manufacturing process, quality monitoring, product release and other information.

02

Enhancing Production Efficiency

The MES System can track material usage and automatically transmit data back to the SAP System when in and out of storage, enabling timely data collection, thus enhancing production scheduling and workflow efficiency.

03

Enhancing Order Control

The time for placing orders for external procurement is strictly controlled. Inventory is reduced by working backwards from the demand date to subtract the range of days the purchase will take to convert the purchase request to the purchase order.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Group is committed to establishing a comprehensive intellectual property system to safeguard its brand, goodwill and protection of intellectual property achievements. We strictly comply with the Copyright Law of the PRC, the Patent Law of the PRC, the Trademark Law of the PRC, as well as the and other relevant laws and regulations of operational regions. To ensure the effective management of intellectual property, we have formulated and enacted a series of internal management manuals and systems, including the “Practice Guidelines on the Protection of Intellectual Property Rights”, to establish a sound intellectual property management system and to continuously optimise relevant work and operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group not only attaches great importance to the protection of its intellectual property rights but also respects the rights and interests of intellectual property rights of all parties. We purchase genuine products during our procurement. We also incorporate clauses relating to the protection of intellectual property rights into our contracts when selecting suppliers, to ensure that the products procured do not infringe the intellectual property rights of others. In addition, we require all employees of the Group involved in the protection of intellectual property rights to sign a “Confidentiality Agreement”. By regulating the behaviour of our employees, we reduce the risk of potential infringement of others’ intellectual property rights and the risks of plagiarism, theft and illegal appropriation of the Group’s intellectual property rights.

In order to raise employees’ awareness of intellectual property protection, the Group provides relevant training from time to time. The Group rewards individuals who have made outstanding contributions to the formation, protection and management of intellectual property rights and the transformation of scientific and technological achievements, or who have effectively stopped infringement, as well as those who have made significant achievements in the protection of the legitimate rights and interests of the Company’s intellectual property rights. Rewards include bonuses, promotions, and other material and spiritual incentives. The Group always adhere to the principle of protecting intellectual property rights, striving to create a work environment that respects knowledge and innovation for our employees, while providing high-quality and compliant products and services for our customers.

QUALITY SERVICE

Focusing on quality services, the Group continues to strengthen its pre-sales, in-sales and after-sales services under the service concept of “customer-centric” and strive to enhance customer satisfaction.

In strict compliance with the Law of the PRC on the Protection of Consumer Rights and Interests and other relevant laws and regulations, the Group has established internal working guidelines on customer satisfaction and customer complaints. We maintain close communication with our customers through various channels to gain insight into their needs. Before business development, we fully communicate with customers to confirm their requirements and expectations for products. To ensure the quality of our products, we have designated a specialised quality engineer to follow up on the quality problems encountered in the process of new product development and mass production. We receive on-site customer reviews or third-party reviews from time to time every year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To improve the quality assurance of the industrial chain and reduce the management risk of the supply chain, we continue to improve the quality management level of suppliers to ensure that the product quality and production technology of suppliers meet the quality management requirements of customers. Meanwhile, we have established a dedicated customer service team with strong business ability and high professional quality, led by senior project managers and experts in various fields, respectively, docking with customers in professional fields, and responding to and meeting customer demands through cross-departmental collaboration.

In terms of handling customer complaints, in 2025, our EMS business received a total of 2 customer complaints. In response to the complaints, our Quality Department dealt with them uniformly, formulating corrective plans and solutions. So far, all customer complaints have been 100% resolved and revisited, forming a closed-loop process for handling complaints.

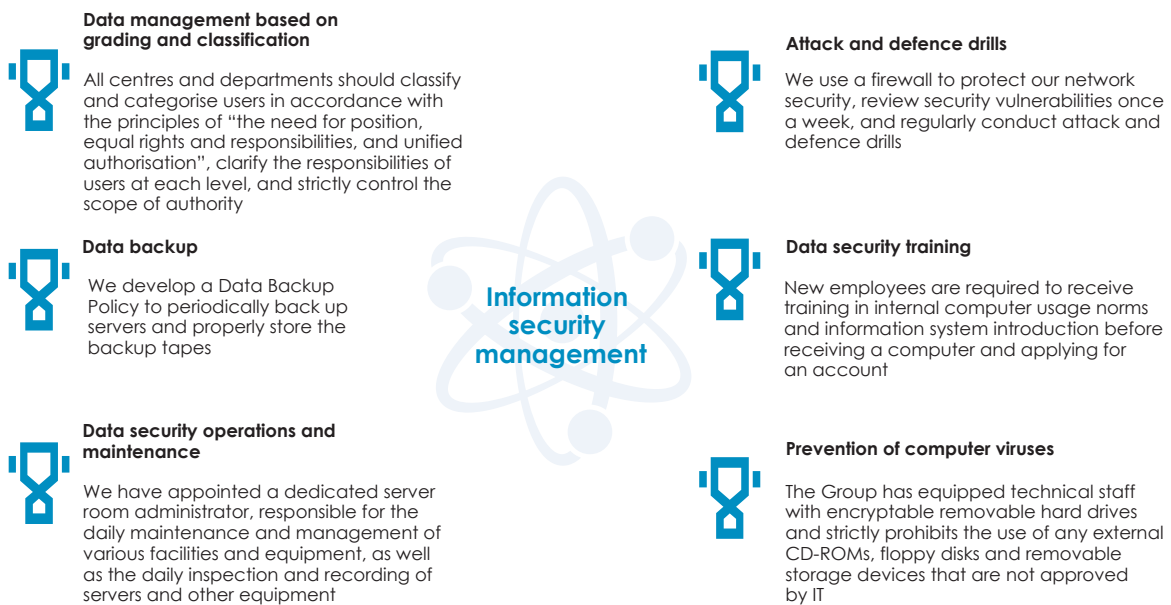
To strengthen communication with customers and to obtain customers' objective evaluation of the Group's products and services, the Group's EMS business regularly conducts customer satisfaction surveys for all customers on a yearly basis. The survey items mainly cover 10 scoring points, including product quality, delivery, production capacity, after-sales service, environmental protection requirements and technical support, which are mainly in the form of a paper survey report with a ten-point scale. In response to the issues raised by customers, the Group held internal meetings to discuss rectification policies to ensure timely and effective solutions to customer feedback. The timeliness and feasibility of the rectification measures were also assessed by the quality tracking system, and continuous improvement and tracking were followed up for closed-loop processing.

We respect and protect our customers' intellectual property rights, strictly adhere to relevant laws and regulations, and ensure the safety of our customers' technical and commercial secrets. In terms of quality inspection and product recall, we rigorously implement the national and industry standards, promptly recall and deal with non-compliant products to ensure product quality and customer interests. We also actively fulfil our social responsibilities, care about consumer rights, and provide quality, safety, and environmentally friendly products and services. In addition, we have established a dedicated oversight department to regularly review and assess internal management and business processes, ensuring compliant and efficient company operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

DATA SECURITY AND PRIVACY PROTECTION

The Group places strong emphasis on safeguarding the information security of our customers, employees, and operations, as well as the protection of our business data. We strictly comply with applicable laws and regulations, including the Cybersecurity Law of the PRC, and continue to strengthen our internal controls and security management practices to ensure robust data protection across all business activities. In order to regulate the use and management of computers and maintain the normal operation of network systems and information systems, we have the "Regulations on Computer and Network Management" in place to further clarify the relevant operating procedures and job responsibilities in terms of internal network and email usage, software management, equipment management, account password management, document management, server room management and others, to build up a strong information security system and to ensure the information security of the Company's information infrastructure, information application systems, products and customers.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Data Security Measures

We well understand the importance of data security and privacy protection and are committed to protecting the data of the Group and our customers against leakage of trade secrets and personal information. To this end, we require all employees to handle, store and archive confidential documents properly, and all data is strictly prohibited from being used for other purposes without permission. During the Reporting Period, to prevent the leakage of confidential data or information, our information technology systems have been equipped with firewalls and anti-virus software, and the software is constantly updated.

In respect of EMS Business, we have prepared the visiting policies and the visiting confidentiality agreement to effectively control information security risks, requiring visitors to be familiar with the visiting policy and sign the visiting confidentiality agreement. In addition, we have updated the "Information Exchange Procedure" and added relevant regulations on customer protection to prevent the disclosure of customer privacy. We have signed a general information security confidentiality agreement with key talents, prohibiting anyone from illegally obtaining, disclosing, tampering with, destroying or selling the personal data and information of customers and employees, and prohibiting anyone from accessing customer systems and equipment without authorisation, collecting, holding, processing or modifying the data and information stored in the network and equipment.

The Group attaches great importance to the information security awareness training of employees and continues to strengthen information security publicity efforts. In addition to regular security system training for new employees, we held an on-site network security training for product engineers and technicians in 2025. Through this training, employees' awareness of network information security and data compliance has been effectively enhanced.

In 2025, there were no customer data breaches and no confirmed complaints concerning customer privacy and loss of customer data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ANTI-CORRUPTION AND BUSINESS ETHICS

We strictly comply with the laws and regulations of the PRC, including the Company Law of the PRC, the Securities Law of the PRC, and the Code of Corporate Governance for Listed Companies, to ensure robust compliance management and disciplined corporate conduct. We uphold the principles of anti-corruption, continuously strengthen our systems of oversight and accountability, and foster a strong culture of contractual integrity and ethical business behaviour. At the same time, we advocate fair competition and adhere to globally recognised business norms, requiring all employees, suppliers, customers, and partners of the Group to comply with applicable regulatory requirements. Through these efforts, we strive to build and maintain a transparent, responsible, and healthy business ecosystem.

In respect of anti-corruption, to develop the culture of anti-corruption and integrity and to enhance the punishment of corrupt incidents, we continuously review and update our internal anti-corruption system in accordance with the Group's business characteristics and organisational structure and have clarified the requirements for anti-corruption and fraud in the "Anti-fraud Management System". To fulfil our anti-fraud supervision responsibilities for the Group's business, we require management to establish effective internal control mechanisms and implement control measures to prevent fraud. In addition, we have set up an anti-fraud organisation and require the responsible departments to carry out daily supervision. In addition, we regularly provide anti-corruption training to our directors and staff to enhance their awareness of integrity and risk prevention. In the event of a fraud incident, the anti-fraud department will investigate and report its findings to the President or the Board for risk assessment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of business ethics, we are committed to professionalism, honesty and integrity in all our business dealings and relationships. We conduct our business in accordance with the highest standards of business ethics and operate on a level playing field. We strictly comply with the Anti-Unfair Competition Law of the PRC and the Civil Code of the PRC and other relevant laws and international standards on anti-monopoly and anti-unfair competition, aiming to create a fair, transparent and honest working and business environment and prohibit any activity that damages the integrity and reputation of the Group. We require every customer, employee, and partner supplier to comply with our business ethics rules.

Fair competition

We effectively fulfil the work requirements of fair trading, and integrity and compliance. During the Reporting Period, there was no incident in which the Group was penalised for violating the *Anti-Monopoly Law of the PRC* and the *Anti-Unfair Competition Law of the PRC*.

Employee integrity requirements

We provide guiding principles for our employees to act with integrity, fairness and honesty in our "Agreement on Commitment to Integrity on Entry", "Employee Confidentiality Agreement", and "Employee Integrity Agreement on Professional Conduct", which strictly prohibit our employees from engaging in any form of unethical business practice, including accepting any form of gift from our suppliers or customers in the name of the Group.

Supplier integrity requirements

We require new suppliers to sign a "Social Responsibility Commitment" and to comply with the contents of the commitment on anti-discrimination, prohibition of child and forced labour, and respect for employees' freedom of association and right to collective bargaining etc., so as to prevent suppliers from conducting any corrupt and fraudulent practices against business ethics in the procurement process.

Whistleblower protection

In order to protect whistleblowers and enable internal and external whistleblowers to exercise their legitimate rights, we keep their identities strictly private and confidential. Besides, we impose administrative or economic penalties on those who divulge the information that leads to the disruption of the investigation. In serious cases, we will refer the matter to the judicial authorities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has established reporting channels, including phones and emails, to obtain relevant clues to monitor ethical incidents and to conduct compliance investigations of reported incidents in accordance with internal policies. During the reporting period, the Group did not record any concluded legal cases regarding corrupt practices brought against the issuer or its employees, and accordingly, there were no related outcomes to be disclosed.

COMMUNITY CONTRIBUTION AND PUBLIC WELFARE

The Group recognises the importance of contributing to the long-term development and well-being of the communities in which it operates. As part of its broader commitment to corporate sustainability, the Group remains attentive to opportunities that support social progress and community resilience through responsible business practices and stakeholder engagement. During the Reporting Period, the Group maintained an ongoing review of potential community investment initiatives with reference to areas such as education, environmental protection, health and well-being, and broader community development. Consideration was given to the evolving operational context of the Group in evaluating suitable forms of participation that would align with its corporate values and sustainability direction.

The Group will continue to assess and explore appropriate avenues for community engagement and social contribution, with a view to identifying initiatives that enable the effective deployment of resources and deliver meaningful and sustainable benefits to the community in future reporting periods.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX I: ESG KPIS FOR 2025

Environmental

KPIs		Unit	2025	2024
Air emissions	NOx	kg	1,152.06	335.04
	SOx	kg	4.83	0.71
	PM	kg	105.52	22.57
Hazardous waste	Total hazardous waste generated	kg	1,100.00	825.40
	Total hazardous waste intensity	kg/employee	3.79	1.45
Non-hazardous waste	Total non-hazardous waste generated	kg	59,065.00	77,900.00
	Total non-hazardous waste intensity	kg/employee	203.67	137.15
Use of energy ^{3,4}	Direct Energy Consumption — Stationary Combustion	kWh	221,677.20	262,737.91
	Direct energy Consumption — Mobile Combustion	kWh	3,183,471.94	461,118.68
	Indirect energy Consumption — Purchased electricity	kWh	4,238,594.00	6,828,638.96
	Energy consumption of on-site solar power generation ⁵	kWh	335,510.00	696,098.00
	Total energy consumption	MWh	7,979.25	8,248.59
	Total energy intensity	MWh/employee	27.51	14.52
Use of water	Total water consumption	m ³	40,942.00	43,478.77
	Total water intensity	m ³ /employee	141.18	76.55
Use of packaging materials	Total packaging materials used	ton	51.90	61.77

³ The types of energy consumed by the Group in 2025 include fuel for vehicles, town gas, purchased electricity and on-site solar power generation. The sources of information are the payment slips of the relevant expenses and the administrative statistics ledger. The energy factors refer to the conversion factors provided by the International Energy Agency (IEA) and the "General Rules for Calculating Comprehensive Energy Consumption GB/T2589-2008".

⁴ The total energy consumption and energy intensity in 2024 have been restated due to the inclusion of on-site solar power generation in the calculation. Previously, on-site solar energy consumption was disclosed separately.

⁵ As the solar panels were utilised by Huizhou Eternity Technology Company Limited, which was disposed of as a subsidiary in July 2025, the associated data relates to operations prior to the disposal.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social

KPIs		2025	
Total number of employees by gender, age group, region			
		Number of employees (persons)	Percentage (%)
By gender	Male	186	64.14
	Female	104	35.86
By age group	Below 30	127	43.79
	31–50 years old	145	50.00
	Over 50	18	6.21
By region	Chinese Mainland	249	85.86
	Overseas, Hong Kong, Macao and Taiwan regions	41	14.14
Total number of employees		290	
Employee turnover ratio by gender, age group, region			
		Number of employee turnover (persons)	Employee turnover ratio (%)⁶
By gender	Male	143	76.88
	Female	78	75.00
By age group	Below 30	124	97.64
	31–50 years old	90	62.07
	Over 50	7	38.89
By region	Chinese Mainland	192	77.11
	Overseas, Hong Kong, Macao and Taiwan regions	29	70.73
Health and Safety			
Number of work-related fatalities in the past 3 years		-	
Rate of work-related fatalities		-	
Lost days due to work injury		-	

⁶ Employee Turnover ratio = Number of resignations / (Number of resignations + Total number of employees at the end of the financial year) * 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Percentage of employees trained and average training hours by gender and employment category			
		Proportion of employees trained (%) ⁷	Average training hours per capita (hours) ⁸
Total		95.86	2.28
By gender	Male	62.59	2.09
	Female	37.41	2.62
By employment category	Senior and middle management	4.68	0.13
	General employees	95.32	2.96
Supply Chain Management			
Number of suppliers by region	PRC	236	
	Hong Kong and Taiwan	15	
	Overseas	15	
Total number of suppliers		266	
Product Responsibility			
Number of products and service-related complaints received (case)		2	
Number of resolved product and service-related complaints (case)		2	

⁷ Total percentage of employees trained = Total number of employees trained during the Reporting Period / Total number of employees at the end of the financial year x 100%; Percentage of employees trained = Number of employees trained by category during the Reporting Period / Total number of employees trained during the Reporting Period x 100%.

⁸ Average training hours per capita = Total number of training hours completed during the Reporting Period / Total number of employees at the end of the financial year; Average training hours completed per employee = Total number of training hours completed by category during the Reporting Period / Total number of employees at the end of the financial year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX II: INDEX TO THE CONTENTS OF THE CODE

ESG indicator		Disclosure	Location in report
A1 General disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Environmental Protection
A1.1	The types of emissions and respective emissions data.	Disclosed	Appendix I: ESG KPIs for 2025
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG KPIs for 2025
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG KPIs for 2025
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	Environmental Targets Exhaust Gas Emission Reduction Measures
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Waste Management
A2 General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Environmental Protection
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG KPIs for 2025
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG KPIs for 2025
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Energy Use Conservation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG indicator		Disclosure	Location in report
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	Water Resources and Wastewater Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	Appendix I: ESG KPIs for 2025
A3 General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	Environmental Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Environmental Protection
B1 General disclosure	Policies on remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Diversity and Equal Employment Employee Care and Communication
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	Diversity and Equal Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Diversity and Equal Employment
B2 General disclosure	Policies on providing as a feworking environment and protecting employees from occupational hazards and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Appendix I: ESG KPIs for 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG indicator		Disclosure	Location in report
B2.2	Lost days due to work injury.	Disclosed	Appendix I: ESG KPIs for 2025
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Occupational Health and Safety
B3 General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Employee Training and Promotion
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Employee Training and Promotion
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Employee Training and Promotion
B4 General disclosure	Policies on preventing child and forced labour and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Diversity and Equal Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Diversity and Equal Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Not Applicable	Diversity and Equal Employment
B5 General disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Supplier Management
B5.1	Number of suppliers by geographical regions.	Disclosed	Appendix I: ESG KPIs for 2025
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Supplier Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Supplier Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG indicator		Disclosure	Location in report
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Supplier Management
B6 General disclosure	Policies on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Product Innovation and Quality Management
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Product Innovation and Quality Management
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Product Innovation and Quality Management
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Protection of Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Quality Service
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Data Security and Privacy Protection
B7 General disclosure	Policies on bribery, extortion, fraud and money laundering and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Anti-Corruption and Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Anti-Corruption and Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Anti-Corruption and Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	Anti-Corruption and Business Ethics

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG indicator		Disclosure	Location in report
B8 General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Community Contribution and Public Welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Community Contribution and Public Welfare
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Appendix I: ESG KPIs for 2025

Climate-related Disclosures		Disclosure	Location in report
I. Governance			
19. An issuer shall disclose information about:			
(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	Disclosed	ESG Governance Structure
(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;		
(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;		
(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and	Disclosed	ESG Governance Structure
(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:		
(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and		
(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.		
II. Strategy			
<p>20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p>			
(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Disclosed	Climate Change
(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;		
(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
(d)	explain how the issuer defines “short term”, “medium term” and “long term” and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
Business model and value chain			
<p>21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain. Specifically, the issuer shall disclose:</p>			
(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain; and	Disclosed	Climate Change
(b)	a description of where in the issuer’s business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).		
Strategy and decision making			
<p>22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p>			
(a)	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	Disclosed	Climate Change
(i)	current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities;		
(ii)	current and anticipated adaptation and mitigation efforts (whether direct or indirect);		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
(iii)	any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	Disclosed	Climate Change
(iv)	how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	Disclosed	Environmental Targets Exhaust Gas Emission Reduction Measures
(b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Disclosed	Climate Change
23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Disclosed	Climate Change
Financial position, financial performance and cash flows			
24. An issuer shall disclose qualitative and quantitative information about:			
(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
(b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
25. The issuer shall provide qualitative and quantitative disclosures about:			
(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
(i)	its investment and disposal plans; and		
(ii)	its planned sources of funding to implement its strategy; and		
(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
Climate resilience			
26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:			
(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	Disclosed	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;		
(b)	how and when the climate-related scenario analysis was carried out, including:		
(i)	information about the inputs used, including:		
(1)	which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
(2)	whether the analysis included a diverse range of climate-related scenarios;		
(3)	whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;		
(4)	whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;		
(5)	why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;		
(6)	time horizons the issuer used in the analysis; and		
(7)	what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);		
(iii)	the key assumptions the issuer made in the analysis; and		
(iv)	the reporting period in which the climate-related scenario analysis was carried out.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
III. Risk Management			
27. An issuer shall disclose information about:			
(a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);		
(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;		
(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);		
(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;		
(v)	how the issuer monitors climate-related risks; and		
(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;		
(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and		
(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
IV. Metrics and Targets			
Greenhouse gas emissions			
28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as:			
(a)	Scope 1 greenhouse gas emissions;	Disclosed	Climate Change
(b)	Scope 2 greenhouse gas emissions; and		
(c)	Scope 3 greenhouse gas emissions.		
29. An issuer shall			
(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	Disclosed	Climate Change
(b)	disclose the approach it uses to measure its greenhouse gas emissions including:		
(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;		
(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and		
(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;		
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Disclosed	Climate Change
Climate-related transition risks			
30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
Climate-related physical risks			
31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
Climate-related opportunities			
32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
Capital deployment			
33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
Internal Carbon prices			
34. An issuer shall disclose:			
(a)	an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	Yet to be disclosed	In view of the continuous evolution of policies, regulations, and market mechanisms related to global climate change, carbon emissions management has become a critical consideration for the Group's long-term operations and risk management. To more effectively assess climate-related risks and opportunities and to incorporate carbon costs into decision-making processes, the Group plans to explore the adoption of an internal carbon pricing mechanism for relevant projects, to reflect the potential impact of carbon emission costs on operational and investment decisions.
(b)	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
Remuneration			
35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Disclosed	ESG Governance Structure
Industry-based metrics			
36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.
Climate-related targets			
37.	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	Disclosed	Climate Change
(a)	the metric used to set the target;		
(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);		
(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
(d)	the period over which the target applies;	Disclosed	Climate Change
(e)	the base period from which progress is measured;		
(f)	milestones or interim targets (if any);		
(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and		
(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.		
38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:		
(a)	whether the target and the methodology for setting the target has been validated by a third party;		
(b)	the issuer's processes for reviewing the target;		
(c)	the metrics used to monitor progress towards reaching the target; and		
(d)	any revisions to the target and an explanation for those revisions.		
39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.		
40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:		
(a)	which greenhouse gases are covered by the target;		
(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures		Disclosure	Location in report
(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	Disclosed	Climate Change
(d)	whether the target was derived using a sectoral decarbonisation approach; and		
(e)	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:		
(i)	the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;		
(ii)	which third-party scheme(s) will verify or certify the carbon credits;		
(iii)	the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and		
(iv)	any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).		
Applicability of cross-industry metrics and industry-based metrics			
41.	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Yet to be disclosed	The Group will review the internal information and disclose it at the proper time to ensure transparency and compliance.

REPORT OF DIRECTORS

The Directors are pleased to present to the Shareholders the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in sectors: 1) aerospace business, comprising (A) aerospace titanium alloy material manufacturing, (B) aerospace satellite component manufacturing, and (C) digital applications for aerospace satellites; 2) precision manufacturing, comprising (A) electronic manufacturing services (EMS), components of printed circuit boards and fully assembled electronic products (PCBA), (B) energy management and manufacturing services, intelligent control systems and chips management, thermal management and electronic control systems, and (C) sensor manufacturing services, automatic medium- and micro-pressure sensors for industrial use, medium- and micro-pressure sensors for electronic equipment; and 3) energy storage industry, comprising (A) investment in, construction, and operational management of energy storage power stations, and (B) R&D and production of energy storage systems and core equipment. Details of the principal activities of the Company's subsidiaries are set out in notes 1 and 33 to the consolidated financial statements.

BUSINESS REVIEW

The sections headed "Chairman's Statement" on pages 4 to 8 and "Management Discussion and Analysis" on pages 9 to 18 of this annual report provide a fair review of the Group's business for the Reporting Period, including the challenges faced and ways to confront them, along with a discussion of the Group's future development. Descriptions of the principal financial risks and uncertainties faced by the Group can be found in "Notes to The Consolidated Financial Statements". An account of the Group's environmental policies and performance together with the relationship with its key stakeholders is set out in the "ESG Report" on pages 45 to 125 of this annual report. The above sections form part of the Report of Directors.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period and the state of affairs of the Group and the Company as at 31 December 2025 are set out in the consolidated financial statements on pages 142 to 145, and 236. The Board did not recommend the payment of an interim or a final dividend for the Reporting Period (2024: nil).

SUBSIDIARIES

Details of the principal activities of the subsidiaries of the Company are set out in note 33 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the consolidated financial statements.

REPORT OF DIRECTORS

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXCEPTION

The Company is not aware of any tax relief and exception available to its Shareholders by reason of their holding in the Shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares within the meaning of the Listing Rules). As of 31 December 2025, the Company did not hold or sell any of these treasury shares.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 146 to 148 of this annual report.

CHARITABLE DONATIONS

During the Reporting Period, no charitable donation was made by the Group (2024: RMB348,000).

MANAGEMENT CONTRACTS

During the Reporting Period, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue to the single largest customer from continuing operations of the Group and the five largest customers from continuing operations of the Group in aggregate accounted for approximately 41.4% and 71.4% (2024: approximately 9.5% and approximately 40.2%) of the total revenue from continuing operations of the year, respectively. During the Reporting Period, purchases from the single largest supplier from continuing operations of the Group and the five largest suppliers from continuing

REPORT OF DIRECTORS

operations of the Group in aggregate accounted for approximately 48.7% and 71.7% (2024: approximately 11.3% and approximately 35.0%) of the total purchases for continuing operations of the year, respectively. None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

As at the date of this annual report, the Board comprises Mr. Gu Lin (Chairman), Mr. Chen Youan (Deputy Chairman), Mr. Lu Huasheng, Mr. Zhang Yuanqi, Mr. Ma Fujun as executive Directors; and Mr. Yao Xinguo, Mr. Boris Tadić and Ms. Chow Yin Kwan Yvonne as independent non-executive Directors.

The following changes to the Board composition were effected during the Reporting Period:

- (1) Mr. Hung Ka Hai Clement resigned as an independent non-executive Director on 1 July 2025 in order to better allocate his time for other business and personal engagements;
- (2) H.H. Shaikh Mohammed Maktoum Juma Al-Maktoum resigned as an executive Director and the Deputy Chairman on 18 August 2025 due to personal reasons;
- (3) Mr. Gu Lin was appointed as an executive Director and the Chairman on 13 October 2025;
- (4) Mr. Zhang Yuanqi was appointed as an executive Director on 13 October 2025;
- (5) Mr. Yao Xinguo was appointed as an independent non-executive Director on 13 October 2025;
- (6) Ms. Chow Yin Kwan Yvonne was appointed as an independent non-executive Director on 13 October 2025;
- (7) H.E. Mohamed Ben Amor resigned as an executive Director and the Chairman on 13 October 2025 due to personal reasons;
- (8) Dr. Fabio Favata resigned as an executive Director on 13 October 2025 due to the evolutions of circumstances no longer enables him, in his own judgement, to discharge his duty as Director;
- (9) Mr. Alhamedi Mnahi F Alanezi resigned as a non-executive Director on 13 October 2025 due to his other business commitments that needs more time and more travel;
- (10) Professor Christian Feichtinger resigned as a non-executive Director on 13 October 2025 due to personal reasons;
- (11) Mr. Nathan Earl Whigham resigned as a non-executive Director on 13 October 2025 due to personal reasons;

REPORT OF DIRECTORS

- (12) Ms. Barbara Jane Ryan resigned as an independent non-executive Director on 13 October 2025 due to the health issue of her husband;
- (13) Mr. Juan de Dalmau-Mommertz resigned as an independent non-executive Director on 13 October 2025 due to personal reasons;
- (14) Mr. Marwan Jassim Sulaiman Jassim Alsarkal resigned as an independent non-executive Director on 13 October 2025 due to the health issue of his parent;
- (15) Ms. Kwok Pui Ha was appointed as an independent non-executive Director on 1 July 2025 and resigned on 13 October 2025 due to her family commitment (taking care of her parent);
- (16) Mr. Chen Youan was appointed as an executive Director and the Deputy Chairman on 12 November 2025; and
- (17) Mr. Lu Huasheng was appointed as an executive Director on 12 November 2025.

Each of Mr. Hung Ka Hai Clement, H.E. Mohamed Ben Amor, Dr. Fabio Favata, Mr. Alhamedi Mnahi F Alanezi, Professor Christian Feichtinger, Mr. Nathan Earl Whigham, Ms. Barbara Jane Ryan, Mr. Juan de Dalmau-Mommertz, Mr. Marwan Jassim Sulaiman Jassim Alsarkal and Ms. Kwok Pui Ha has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Stock Exchange or the Shareholders. H.H. Shaikh Mohammed Maktoum Juma Al-Maktoum did not indicate that he has any disagreement with the Board nor confirmed if he considered there is anything that need to be brought to the attention of the Shareholders. The Company confirms that it has no disagreement with H.H. Shaikh Mohammed Maktoum Juma Al-Maktoum and that there is no matter in relation to his resignation that needs to be brought to the attention to the Shareholders.

Pursuant to the Article 84(1), Mr. Ma Fujun and Mr. Boris Tadić will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

Pursuant to the Article 83(3), Mr. Gu Lin, Mr. Chen Youan, Mr. Lu Huasheng, Mr. Zhang Yuanqi, Mr. Yao Xinguo and Ms. Chow Yin Kwan Yvonne will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the Senior Management are set out on pages 19 to 24 of this annual report.

DIRECTORS' SERVICE CONTRACTS

During the Reporting Period, each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a term of one year to three years commencing from their respective date of appointment and shall continue to hold office thereafter (subject to the retirement by rotation and re-election at least once every three years in accordance with the Articles).

REPORT OF DIRECTORS

None of the Directors proposed for re-election at the AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment or compensation, other than statutory compensation.

INDEMNITY OF DIRECTORS

The Company has arranged appropriate directors' and officers' liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period.

DIRECTORS' OR CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance (including for the provision of services to the Company or any of its subsidiaries) to which the Company, or any of its holding companies, subsidiaries, fellow subsidiaries or controlling Shareholders was a party, and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as the Directors and chief executives of the Company are aware, as at 31 December 2025, the interests and short positions of the Directors and the chief executives of the Company or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in 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 interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept 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 were as follows:

Long position in the shares of the Company

Name of Director	Nature of interest	Number of shares held/ interested ^(Note)	Approximate percentage of shareholding (%)
Mr. Boris Tadić	Beneficial owner	1,000,000 (L)	0.17%

Note: The letter "L" denotes the person's long position in the Shares.

REPORT OF DIRECTORS

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executives of the Company and/or any of their respective associates had registered any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations, or any of their spouses or children under the age of 18 recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Group, or the Company's holding company or any subsidiary of its holding company a party to any arrangements to enable the Directors, or any of their spouses or children under the age of 18 to acquire by means of acquisition of shares in, or debt securities, and including debentures, of the Group or any other body corporate.

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

So far as the Directors and the chief executives of the Company are aware, as at 31 December 2025, the following corporations/persons had interests or short position of 5% or more in the issued share capital or underlying shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Nature of interest	Number of shares held/ interested ⁽¹⁾	Approximate percentage of shareholding (%)
Chen Lizhong	Beneficial owner	35,762,000 (L)	5.92
Liu Shoutang	Beneficial owner	35,762,000 (L)	5.92
Ren Yue	Beneficial owner	100,000,000 (L)	16.55
Hong Kong Aerospace Technology Holdings Limited (" HKATH (BVI) ")	Beneficial owner ⁽²⁾	78,343,553 (L)	12.97
Vision International Group Limited (" Vision ") (currently known as Venture Capital (Asia) Limited)	Beneficial owner; Interest of a controlled corporation ⁽²⁾	20,586,000 (L)	3.41

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) Vision was directly interested in 20,586,000 Shares and HKATH (BVI) was directly interested in 78,343,553 Shares. The entire issued share capital of HKATH (BVI) is owned by Vision and the entire issued share capital of Vision is in turn owned by Mr. Sun Fengquan ("**Mr. Sun**"). Therefore, Vision is deemed or taken to be interested in the Shares held by HKATH (BVI) under the SFO and Mr. Sun is deemed or taken to be interested in the shares held by both Vision and HKATH (BVI) under the SFO.

REPORT OF DIRECTORS

Save as disclosed above, as at 31 December 2025, no other parties were recorded in the register required to be kept by the Company under Section 336 of the SFO as having interests or short positions in the issued share capital of the Company.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors and their respective close associates has engaged in or has any interest in any business that competes or is likely to compete with the business of the Group, or has any other conflict of interest with the Group need to be disclosed pursuant to Rules 8.10 of the Listing Rules during the Reporting Period and up to the date of this annual report.

SHARE OPTION SCHEME

A share option scheme was conditionally adopted by the Company on 25 July 2018 (the "**Share Option Scheme**"), which became effective on 16 August 2018 and shall remain valid and effective for a period of 10 years from its date of adoption. The Share Option Scheme is designed to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group; and (iii) align the interests of Senior Management and Shareholders, so that the Senior Management will pay more attention to the long-term development of the Group.

The eligible participants include the Group's service providers, directors, officers and employees of any members of the Group as determined or approved by the Board and the Remuneration Committee from time to time and in compliance with the Listing Rules and the latest amendments under Chapter 17 regarding the Share Option Scheme. The maximum entitlement of each participant under the scheme in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant on or before its prescribed acceptance date. The subscription price of options granted shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the official closing price of the shares of the Company on the date of grant; (ii) the average closing prices of the shares of the Company for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company. Details of the Share Option Scheme are set out in the listing documents of the Company dated 3 August 2018.

As detailed in the Company's listing documents dated 3 August 2018, and in line with the latest Listing Rules, the total number of shares available for issue under the Share Option Scheme as of 1 January 2025 and 31 December 2025 was 30,000,000, representing 10% of the issued share capital of the Company as at the listing date, approximately 5.95% of the issued share capital of the Company as of 1 January 2025 and approximately 4.97% of the issued share capital of the Company as of 31 December 2025. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and during the Reporting Period and up to the date of this annual report.

REPORT OF DIRECTORS

RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by the Group during the Reporting Period are set out in note 39 to the consolidated financial statements. For the Reporting Period, none of these related party transactions is connected transaction which is subject to the reporting, disclosure and independent shareholders' approval requirements of Chapter 14A of the Listing Rules in respect of such transactions.

FUTURE PROSPECT AND DEVELOPMENT

Regarding the Business Strategies and Outlook section in the Chairman's Statement, the Group transitioned and will continue to transition toward a business centered on high-value-added manufacturing and data applications. The shift not only mitigates the execution risks associated with major overseas projects amid international political uncertainties, but also promotes the technological and market synergies with the Group's existing presence in segments of precision manufacturing and energy industry. Looking ahead, the Group will principally focus on high-end aerospace materials, design of satellite and key components, aerospace-grade power and energy systems, and satellite data applications. It will put emphasis on aligning with the domestic market demands for new industrialisation, innovative power systems, and space information services, while continuously exploring aerospace-related opportunities with sustainable business models and controllable risks.

The Audit Committee reviewed the audited annual results of the Group for the year ended 31 December 2025.

AUDITORS

Baker Tilly Hong Kong Limited was appointed as the auditor of the Company (the "**Auditor**") in place of PricewaterhouseCoopers ("**PwC**") to fill the vacancy arising from the retirement of PwC at the extraordinary general meeting held on 23 December 2024. PwC retired as the auditor of the Company at the closing of the annual general meeting of the Company convened on 25 June 2024.

A resolution of the re-appointment of Baker Tilly Hong Kong Limited as the Auditor will be proposed at the AGM.

REMUNERATION POLICY AND DIRECTORS' REMUNERATION

The Group believes that the remuneration package to its employees is in line with local industries. It offers its employees medical insurance coverage. The Group also offers its employees discretionary bonus depending on their respective performance and profitability of the Group. This approach not only encourages individual excellence but also fosters a collaborative work environment that contributes to departmental success. Details of the remuneration of the Directors are set out in note 41 to the consolidated financial statements. The remuneration of the Directors are reviewed and approved by the Remuneration Committee, having regard to factors including remuneration paid by comparable companies, time commitment, job duties and responsibilities of the Directors and performance of the Group in respect of the relevant positions.

REPORT OF DIRECTORS

CORPORATE GOVERNANCE PRACTICES

Corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 25 to 44 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of its total issued shares as required under the Listing Rules throughout the Reporting Period and up to the date of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, to the best knowledge of the Directors, the Group had complied with all the relevant laws and regulations that have a significant impact on the Group.

RELATIONSHIPS WITH STAKEHOLDERS

Employees are the assets of the Group. The Group provides competitive remuneration package and a pleasant workplace environment to attract and motivate the employees. An annual performance evaluation will be conducted annually based on individual's contributions and achievements throughout the year and the Group will make necessary adjustments based on the result of the performance evaluation. The Group provides periodical trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organisations, to ensure that our staff stays up-to-date with the latest market and industry trends.

The Group understands the importance of maintaining a good relationship with its business partners, including customers, suppliers, bankers and other financial institutions. The Group believes that building these relationships requires providing exceptional service to our customers and maintaining open lines of communication with all stakeholders. By doing so, the Group can foster trust and collaboration, which are essential for long-term success in today's fast-paced business environment.

REPORT OF DIRECTORS

ENVIRONMENTAL POLICY AND SOCIAL RESPONSIBILITY

The Group understands the importance of environmental sustainability and protection and has adopted policies on pollution prevention, preservation of natural resources and adherence to environmental laws and regulations. Please refer to the ESG Report on pages 45 to 125 for details of our ESG performance.

By Order of the Board

Gu Lin

Chairman and Executive Director

Hong Kong, 30 March 2026

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of China Strategic Technology Group Limited
(formerly known as USPACE Technology Group Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Strategic Technology Group Limited (formerly known as USPACE Technology Group Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 142 to 241, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 your attention to Note 2.1(a) to the consolidated financial statements, which states the Group recorded a net loss of RMB463,401,000 and a net cash outflow from operating activities from continuing operations of RMB26,487,000 for the year ended 31 December 2025. As at 31 December 2025, the Group's current liabilities exceeded its current assets by RMB193,154,000 while the Group's cash and cash equivalents amounted to RMB33,688,000.

INDEPENDENT AUDITOR'S REPORT

These conditions, along with other events and conditions as set forth in Note 2.1(a) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt about 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment of trade and bills receivables</p> <p>Refer to Notes 2.2.10, 2.2.11, 3.1(c) and 21 to the consolidated financial statements.</p> <p>As at 31 December 2025, the Group had gross trade and bills receivables of approximately RMB194,674,000, against which an allowance for impairment of approximately RMB23,982,000 was recorded.</p> <p>Management applied judgement and estimates in measuring the expected credit loss allowance. Certain trade and bills receivables that were credit impaired were assessed on an individual basis. The remaining trade and bills receivables were grouped based on similar credit risk characteristics and collectively assessed for recoverability, taking into account factors such as the customers' geographical locations, ageing profiles and historical collection experience. The expected credit loss rates were derived from historical default rates and adjusted to incorporate forward looking information on macroeconomic conditions that may affect customers' ability to repay.</p>	<p>Our audit procedures performed on impairment of trade and bills receivables included:</p> <ul style="list-style-type: none"> • We obtained an understanding of the management's assessment process of impairment of trade and bills receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated the competence, capabilities, and objectivity of the valuer and obtaining an understanding of the valuer's scope of work and their valuation approaches; • We assessed the appropriateness of the expected credit loss methodology adopted by the valuer by reference to historical payment records, ageing analyses and default rates used in the collective assessment; • We evaluated management's assessment of the financial health and repayment ability of specific customers with long outstanding balances that were subject to individual assessment; • We tested the accuracy of key historical data inputs; • We evaluated the reasonableness of the forward-looking information including relevant macroeconomic variables;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

We focused on auditing the impairment of trade and bills receivables including the related disclosures because of the magnitude of the impairment of trade and bills receivables and the high degree of estimation uncertainty involved. The inherent risk in relation to the impairment assessment of trade and bills receivables is considered significant due to the subjectivity of significant assumptions used and significant judgements involved in data selection for the above estimation.

Impairment of properties, plant and equipment and right-of-use assets

Refer to Notes 2.2.7, 4.3, 5(b) and 13 to the consolidated financial statements.

During the year ended 31 December 2025, the Group recognised impairment loss of approximately RMB184,804,000 on property, plant and equipment and RMB78,141,000 on right-of-use assets, totalling RMB262,945,000.

As the Group was unable to inspect, manage or operate certain aerospace assets located in Hong Kong due to ongoing litigation, and management has determined that these assets are no longer expected to generate any future economic benefits. As a result, the management concluded that the recoverable amount of these assets was zero and that full impairment was required.

We focused on auditing the impairment of property, plant and equipment and right-of-use assets as a key audit matter because of the magnitude of the impairment loss recognised and the significant management judgement involved in determining the recoverable amount on these assets.

How our audit addressed the Key Audit Matter

- We also evaluated the reasonableness of the judgements made in the grouping of trade and bills receivables and the selection of significant assumptions and data in the determination of expected credit loss rates; and
- We assessed the adequacy of the disclosures related to impairment of trade and bills receivables in the context of the applicable financial reporting framework.

Our audit procedures in relation to the impairment of property, plant and equipment and right-of-use assets included:

- We evaluated the Group's policies and procedures of impairment assessment and inquired the management regarding their business plan;
- We inquired with the management about the status of the litigation case and obtained a legal opinion from lawyer;
- We checked the mathematical accuracy of the impairment loss recognised; and
- We assessed the adequacy and appropriateness of the disclosures regarding the impairment of property, plant and equipment and right-of-use assets in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Del Rosario, Faith Corazon.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Del Rosario, Faith Corazon

Practising certificate number P06143

Hong Kong, 30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Year Ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Continuing operations			
Revenue	5	642,456	315,803
Cost of sales		(604,241)	(267,681)
Gross profit			
Other income	7	38,215	48,122
Other gains/(losses), net	8	6,698	7,143
Selling and distribution expenses		3,591	(3,535)
General and administrative expenses		(12,724)	(15,634)
Impairment losses on properties, plant and equipment and right-of-use assets	6, 13	(150,035)	(187,182)
Impairment losses on prepayments, deposits and other receivables	6, 18	(262,945)	(87,934)
(Impairment losses)/reversal of impairment on trade and bills receivables	6, 21	(48,245)	–
Impairment losses on assets of disposal group classified as held for sale	6, 23	(16,607)	903
		–	(12,347)
Operating loss			
Finance income		(442,052)	(250,464)
Finance costs		258	185
		(19,820)	(17,490)
Finance costs, net	10	(19,562)	(17,305)
Loss before income tax			
Income tax expense	11	(461,614)	(267,769)
		(1,787)	(824)
Loss from continuing operations		(463,401)	(268,593)
Profit from discontinued operations	22	–	3,260
Loss for the year			
		(463,401)	(265,333)
Loss for the year attributable to:			
Equity holders of the Company		(325,257)	(198,005)
Non-controlling interest		(138,144)	(67,328)
		(463,401)	(265,333)
Loss for the year attributable to equity holders of the Company arises from:			
Continuing operations		(325,257)	(201,265)
Discontinued operations		–	3,260
		(325,257)	(198,005)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Loss for the year		(463,401)	(265,333)
Other comprehensive loss:			
<i>Item that will not be reclassified to profit or loss</i>			
Currency translation differences		(90)	7,959
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		4,378	(5,069)
Total comprehensive loss for the year		(459,113)	(262,443)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		(324,834)	(194,764)
Non-controlling interest		(134,279)	(67,679)
		(459,113)	(262,443)
Total comprehensive loss for the year attributable to equity holders of the Company arises from:			
Continuing operations		(324,834)	(198,024)
Discontinued operations		-	3,260
		(324,834)	(194,764)
Loss per share attributable to equity holders of the Company arises from continuing operations:			
Basic and diluted	12	(RMB60.50 cents)	(RMB52.80 cents)
Loss per share attributable to equity holders of the Company arises from continuing and discontinued operations			
Basic and diluted	12	(RMB60.50 cents)	(RMB51.94 cents)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Properties, plant and equipment	13	48,131	316,744
Right-of-use assets	13	2,059	113,590
Investment property	14	–	–
Intangible assets	15	2,443	4,143
Prepayments and deposits	18	1,090	48,350
Deferred tax assets	26	1,238	2,849
		54,961	485,676
Current assets			
Inventories	19	18,903	31,191
Trade and bills receivables	21	170,692	91,272
Financial asset at fair value through profit or loss	17	2,171	–
Prepayments, deposits and other receivables	18	69,304	77,223
Amount due from a related company	39	–	18
Current income tax recoverable		–	105
Cash and cash equivalents	20	33,688	28,719
		294,758	228,528
Assets of disposal group classified as held for sale	23	–	130,965
		294,758	359,493
Total assets		349,719	845,169
Equity			
Equity attributable to equity holders of the Company			
Share capital	25	5,405	4,488
Share premium	25	592,136	533,376
Accumulated losses		(826,574)	(501,317)
Reserves		138,723	138,300
		(90,310)	174,847
Non-controlling interest		(172,944)	(38,631)
Total (deficit)/equity		(263,254)	136,216

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Liabilities			
Non-current liabilities			
Deferred government grants	24	3,346	6,496
Lease liabilities	13(b)	55,962	95,226
Provision for reinstatement cost	28	22,189	23,022
Bank and other borrowings	29	42,747	62,208
Deferred tax liabilities	26	817	818
		125,061	187,770
Current liabilities			
Trade and bills payables	27	84,541	61,763
Other payables and accruals	28	108,946	108,065
Contract liabilities	28	22,941	20,473
Lease liabilities	13(b)	109,121	70,829
Bank and other borrowings	29	45,277	60,825
Bonds payable	30	17,208	16,274
Loans from related companies	39	93,854	127,582
Current income tax liabilities		6,024	6,912
		487,912	472,723
Liabilities of disposal group classified as held for sale	23	–	48,460
		487,912	521,183
Total liabilities		612,973	708,953
Total equity and liabilities		349,719	845,169

The consolidated financial statements on pages 142 to 241 were approved by the Board of Directors on 30 March 2026 and were signed on its behalf.

Gu Lin
Director

Lu Huasheng
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2025

	Attributable to equity holders of the Company							Non-controlling interest	Total
	Share capital	Share premium	Statutory reserve	Other reserve	Exchange reserve	Accumulated losses	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	4,488	533,376	9,894	117,952	10,454	(501,317)	174,847	(38,631)	136,216
Comprehensive loss									
Loss for the year	-	-	-	-	-	(325,257)	(325,257)	(138,144)	(463,401)
Other comprehensive income/(loss)									
Currency translation differences	-	-	-	-	(90)	-	(90)	-	(90)
Exchange differences on translation of foreign operations	-	-	-	-	513	-	513	3,865	4,378
Total comprehensive income/(loss)	-	-	-	-	423	(325,257)	(324,834)	(134,279)	(459,113)
Transactions with owners									
Issuance of ordinary shares upon placing new shares (Note (b))	917	58,760	-	-	-	-	59,677	-	59,677
Deregistration of subsidiaries	-	-	-	-	-	-	-	(34)	(34)
Total transactions with owners	917	58,760	-	-	-	-	59,677	(34)	59,643
Balance at 31 December 2025	5,405	592,136	9,894	117,952	10,877	(826,574)	(90,310)	(172,944)	(263,254)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2025

	Attributable to equity holders of the Company									Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Share-	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non- controlling interest RMB'000	
				based payment reserve RMB'000						
Balance at 1 January 2024	2,751	326,330	13,971	13,501	117,952	7,213	(307,389)	174,329	29,048	203,377
Comprehensive loss										
Loss for the year	-	-	-	-	-	-	(198,005)	(198,005)	(67,328)	(265,333)
Other comprehensive income/(loss)										
Currency translation differences	-	-	-	-	-	7,959	-	7,959	-	7,959
Exchange differences on translation of foreign operations	-	-	-	-	-	(4,718)	-	(4,718)	(351)	(5,069)
Total comprehensive income/(loss)	-	-	-	-	-	3,241	(198,005)	(194,764)	(67,679)	(262,443)
Transactions with owners										
Issuance of ordinary shares upon placing new shares (Note (b))	1,228	150,734	-	-	-	-	-	151,962	-	151,962
Issuance of ordinary shares upon conversion of subscription right (Note 35)	509	56,312	-	(13,501)	-	-	-	43,320	-	43,320
Appropriation (Note (a))	-	-	(2,995)	-	-	-	2,995	-	-	-
Disposal of subsidiaries	-	-	(1,082)	-	-	-	1,082	-	-	-
Total transactions with owners	1,737	207,046	(4,077)	(13,501)	-	-	4,077	195,282	-	195,282
Balance at 31 December 2024	4,488	533,376	9,894	-	117,952	10,454	(501,317)	174,847	(38,631)	136,216

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2025

Notes:

(a) The People's Republic of China (the "PRC") laws and regulations require companies registered in Mainland China to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. A Mainland China company is required to appropriate an amount of not less than 10% of statutory profits after income tax to statutory surplus reserves, prior to distribution of its post-tax profits of the current period. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operations, or to increase the capital of the company. In addition, a company may make further contribution to the discretionary surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

(b) On 17 May 2024, the Company issued 30,000,000 new shares at a price of HK\$1.51 per Share to an independent third party and raised net proceeds of approximately HK\$45.0 million (equivalent to approximately RMB41.9 million). The new shares rank equally with all existing shares.

On 26 June 2024, the Company further issued 31,800,000 new shares at a price of HK\$1.01 per Share to an independent third party and raised net proceeds of approximately HK\$31.8 million (equivalent to approximately RMB29.6 million). The new shares rank equally with all existing shares.

On 8 November 2024, the Company further issued 71,524,000 new shares at a price of HK\$1.23 per Share to an independent third party and raised net proceeds of approximately HK\$87.1 million (equivalent to approximately RMB80.5 million). The new shares rank equally with all existing shares.

On 28 August 2025, the Company issued 100,000,000 new shares at a price of HK\$0.65 per Share to an independent third party and raised net proceeds of approximately HK\$64.5 million (equivalent to approximately RMB59.7 million). The new shares rank equally with all existing shares.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities from continuing operations			
Cash used in continuing operations	31(a)	(26,761)	(45,521)
Income tax refunded		16	256
Interest received		258	185
Net cash used in operating activities from continuing operations		(26,487)	(45,080)
Net cash generated from operation activities from discontinued operations	22	-	18,878
Net cash used in operating activities		(26,487)	(26,202)
Cash flows from investing activities from continuing operations			
Purchase of financial asset at fair value through profit or loss		(79,460)	-
Proceed from disposal of financial asset at fair value through profit or loss		77,317	-
Purchase of properties, plant and equipment		(14,720)	(7,163)
Proceeds from disposal of properties, plant and equipment	31(b)	4,464	906
Purchase of intangible assets		(27)	-
Net cash inflow from disposals of subsidiaries	32	18,246	32,363
Net cash generated from investing activities from continuing operations		5,820	26,106
Net cash used in investing activities from discontinued operations	22	-	(40)
Net cash generated from investing activities		5,820	26,066

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from financing activities from continuing operations			
Proceeds from bank and other borrowings		81,380	80,819
Repayments of bank and other borrowings		(75,579)	(146,170)
Payment of interest on bank and other borrowings		(4,846)	(7,406)
Repayments of bonds		–	(18,891)
Proceeds from bonds issuance		–	15,758
Payment of interest on bonds payable		(1,551)	(1,691)
Proceeds from loans from related companies		47,523	84,268
Repayments of loans from related companies		(81,901)	(215,522)
Repayment of principal elements of lease liabilities		(1,343)	(4,653)
Repayment of interest elements of lease liabilities		(70)	(5,826)
Proceeds from issuance of shares		59,677	195,282
Net cash generated from/(used in) financing activities from continuing operations		23,290	(24,032)
Net cash used in financing activities from discontinued operations	22	–	(23,037)
Net cash generated from/(used in) financing activities		23,290	(47,069)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		28,719	70,225
Currency translation differences		2,346	6,093
Transferred to assets of disposal group classified as held for sale	23	–	(394)
Cash and cash equivalents at end of the year	20	33,688	28,719

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Strategic Technology Group Limited (formerly known as USPACE Technology Group Limited) (the "Company") was incorporated in the Cayman Islands on 15 March 2017 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (the "Group") are principally engaged in (A) aerospace business (the "Aerospace Business") comprising (1) satellite manufacturing, (2) satellite component manufacturing, (3) precision electronics manufacturing, (4) satellite data applications, (5) satellite telemetry, tracking, and controlling (TT&C), and (6) satellite launch; and (B) electronics manufacturing services ("EMS") business (the "EMS Business"), including assembling and production of printed circuit board assemblies (the "PCBAs") and fully-assembled electronic products. The operation of the Productive Group (details refer to Note 22) was discontinued during the year ended 31 December 2024.

Following the passing of a special resolution in relation to the change of company name by the Company's shareholders at the annual general meeting on 7 November 2025, the name of the Company was changed from USPACE Technology Group Limited to China Strategic Technology Group Limited and the dual foreign name of the Company in Chinese from "洲際航天科技集團有限公司" to "中國技術集團有限公司". The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies of the Cayman Islands on 7 November 2025. The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 20 November 2025 certifying that the new English and Chinese names of the Company have been registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 16 August 2018.

These consolidated financial statements are presented in unit of Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise stated. These consolidated financial statements were approved for issue by the board of directors ("Directors") on 30 March 2026.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting the Company and its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). The consolidated financial statements have been prepared on a historical cost convention as modified by the revaluation of financial asset at fair value through profit or loss which is carried at fair value and assets of disposal group classified as held for sale which is measured at the lower of carrying amount and fair value less costs to sell.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Basis of preparation — use of going concern basis

The Group recorded a net loss of RMB463,401,000 and a net cash outflow from operating activities from continuing operations of RMB26,487,000 for the year ended 31 December 2025. As at 31 December 2025, the Group's current liabilities exceeded its current assets by RMB193,154,000 while the Group's cash and cash equivalents amounted to RMB33,688,000. As at 31 December 2025, the Group's capital expenditures commitment expected to be payable within the next twelve months amounted to approximately RMB1,950,000.

The Group is unable to access to the aerospace related premises and is unable to inspect, manage or operate certain aerospace assets located in Hong Kong due to ongoing litigation. In the circumstances, the management decided to relocate aerospace operations outside Hong Kong, resulted in recognising impairment losses during the year of RMB184,804,000 on property, plant and equipment (primarily plant and machinery and leasehold improvements incurred during the Hong Kong setup) and RMB78,141,000 on right-of-use assets.

In addition, the litigation case in relation to the allegation of breaches of tenancy agreements for premises in Hong Kong totalling approximately HK\$113,143,000 (approximately RMB102,586,000) (2024: HK\$47,354,000 (approximately RMB44,498,000)) still remains unresolved as at 31 December 2025.

In view of these circumstances, the Directors have given careful consideration of the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient resources to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Basis of preparation — use of going concern basis (Continued)

For this purpose, the management had prepared a forecast covering a period of not less than twelve months from the end of the year taking into account of the followings:

- (i) The Group entered into legally binding agreements with an independent third-party lender (the “Lender”) for loans in the aggregate sum of approximately HK\$108,000,000 (equivalent to RMB98,200,000) (the “Loans”) in July and October 2021. The Group had entered into supplemental agreements dated 8 March 2026 with the Lender to extend the repayment date of the Loans to 7 April 2027. As at 31 December 2025, the Loans amounted to approximately HK\$47,200,000 (equivalent to RMB42,747,000);
- (ii) On 5 December 2025, the Company entered into subscription agreements (the “Subscription Agreements”) with 2 subscribers, both are independent third-parties (the “Subscribers”) pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 160,926,000 subscription shares at the subscription price of HK\$0.560 per subscription share (the “Subscription Shares”). The completion of the subscription took place on 23 March 2026. Upon the completion of the issuance of the Subscription Shares, approximately HK\$90,119,000 (equivalent to RMB79,715,000), net of all transaction fees has been raised to support the Group in meeting its financial obligations and daily operations;
- (iii) On 5 December 2025, the Company entered into a placing agreement (the “Placing Agreement”) pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 90,000,000 placing shares at the placing price of HK\$0.560 per placing Share (the “Placing Shares”) to not less than six placees who and whose ultimate beneficial owners (if applicable) are independent third parties. As at the date of this report (i.e. 30 March 2026), the placing is still in progress. The management expects upon the completion of the issuance of the Placing Shares, approximately HK\$30,000,000 (equivalent to RMB26,537,000), net of all transaction fees will be raised to support the Group in meeting its financial obligations and daily operations;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Basis of preparation — use of going concern basis (Continued)

- (iv) On 9 March 2026, the Company and an independent third-party (the “Purchaser”) entered into a share purchase agreement (“Disposal”), pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase the paid-up capital of the 2 wholly owned subsidiaries of the Company and a non wholly-owned subsidiary of the Company (collectively, the “Disposal Companies”) including its respective subsidiaries, referred as the “Disposal Group”, at a consideration of USD2,000,000 (approximately RMB13,827,000). The transaction completed on 9 March 2026, the Company received 10% of the consideration amounting to USD200,000 (approximately RMB1,383,000) on 6 February 2026. And the remaining balances are excepted to inject to the Group in May and July 2026. After the Disposal, each member of the Disposal Group ceased to be a subsidiary of the Company. The Company has obtained legal opinion that the obligation to pay the liabilities arising from the dispute over tenancy agreements for premises in Hong Kong will not attach to the Group thereafter;
- (v) On 16 March 2026, the Company entered into a facility letter with an independent third-party (the “Revolving Loan Lender”) pursuant to which the Revolving Loan Lender has irrevocably undertaken to provide the Company with an interest-bearing revolving loan facility in the aggregate sum of approximately HK\$30,000,000 (equivalent to RMB26,537,000) (the “Revolving Loan Facility”);
- (vi) On 24 March 2026, the Group obtained a letter of undertaking (the “Undertaking Letter”) from Mr. Sun Fengquan (“Mr. Sun”, a substantial shareholder of the Company), pursuant to which Mr. Sun has irrevocably undertaken to provide the Group with an unsecured and interest-free revolving loan when necessary to meet the Group's future financial obligation. The Undertaking Letter is valid and subsisting up to 31 March 2027 and any loan drawn thereunder shall be repayable on 31 March 2027;
- (vii) In March, June, July, September and October 2025, the Group obtained banking facilities totaling RMB84,000,000 from three banks in Mainland China to support the general working capital of the EMS Business. As at 31 December 2025, the amount undrawn under these facilities totalled approximately RMB17,440,000;
- (viii) The Group is in negotiation with existing lenders in respect of renewal of existing borrowings as well as certain potential lenders in respect of new borrowings; and
- (ix) The Group is in negotiation with certain potential investors for raising new capital by the way of issuing new equity and/or debt securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Basis of preparation — use of going concern basis (Continued)

The directors of the Company reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2025. In the opinion of the directors, assuming the successful and timely implementation of the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2025. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to successfully implement its plans and measures as described above. Whether the Group will be able to continue as a going concern depends upon the Group's ability to generate adequate net cash inflows through:

- a) Successfully obtaining adequate funding from the consideration paid by the Purchaser as mentioned in Note (iv) above;
- b) Successfully obtaining adequate funding from the placees as mentioned in Note (iii) above;
- c) Successfully obtaining adequate funding, as and when needed, from the Revolving Loan Lender as mentioned in Note (v) above;
- d) Successfully obtaining adequate funding, as and when needed, from Mr. Sun as mentioned in Note (vi) above; and
- e) Successfully obtaining adequate funding through existing financing arrangements or new borrowings, renewing existing borrowings, and the issuance of new equity and/or debt securities as mentioned in Notes (vii), (viii) and (ix) above.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

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

Amendments to HKAS 21	Lack of Exchangeability
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The directors of the Company considered the adoption of this new and amended standard did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(c) New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies

2.2.1 Subsidiaries

(a) Consolidation

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

(i) Business combination

Except for the reorganisation upon listing, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in the profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in the consolidated statement of profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.1 Subsidiaries (Continued)

(a) Consolidation (Continued)

(i) Business combination (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(ii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Separate financial statements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the directors who make strategic decisions.

2.2.3 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in the consolidated statement of profit or loss.

All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within 'other gains/(losses), net'.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.3 Foreign currency translation (Continued)

(c) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of any net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated statement of profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.2.4 Properties, plant and equipment

Properties, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.4 Properties, plant and equipment (Continued)

Depreciation of properties, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual value, over their estimated useful lives, as follows:

Buildings	20 years
Furniture and fixtures	5 years
Office equipment	3 to 5 years
Plant and machinery	3 to 10 years
Motor vehicles	3 to 5 years
Satellites	3 to 5 years
Leasehold improvements	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss on disposal are determined by comparing proceeds with carrying amount and are recognised in the consolidated statement of profit or loss.

Construction-in-progress (the "CIP") represents properties and plant under construction and is stated at cost less accumulated impairment losses, if any. Costs include the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to relevant categories of properties, plant and equipment and depreciated in accordance with the policy as stated above.

2.2.5 Investment property

Investment property, principally comprising the building, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group.

Investment property is initially recognised at cost and subsequently carries at cost less accumulated depreciation and accumulated impairment loss. Depreciation is calculated using a straight-line method to allocate the depreciation amounts over the estimated useful lives, as follows:

Buildings	20 years
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The residual value and useful life of investment property are reviewed, and adjusted as appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.5 Investment property (Continued)

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts and are recognised in the profit or loss.

2.2.6 Intangible assets

System software

Acquired system software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using straight-line method over their estimated useful lives of 3 to 5 years.

Membership right

Membership right represents the initial payment to club for right to use its services or facilities. Membership right is carried at cost less impairment for indefinite life assets and cost less amortisation over its specific useful life of 15 years.

Website

The Group's website is treated as an intangible asset when it is expected to provide future economic benefits over multiple reporting periods and the directly attributable development costs can be measured reliably. Otherwise, expenditure is recognised in profit or loss as incurred. These costs are amortised using straight-line method over their estimated useful lives of 3 years.

2.2.7 Impairment of non-financial assets

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

2.2.8 Financial assets

(a) Classification

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.8 Financial assets (Continued)

(a) Classification (Continued)

For assets measured at fair value, gains and losses will be recorded in consolidated statement of profit or loss.

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

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and presented in 'other gains/(losses), net' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.8 Financial assets (Continued)

(c) **Measurement** (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of profit or loss within 'other gains/(losses), net' in the period in which they arise. Dividend income from financial assets at fair value through consolidated statement of profit or loss is recognised within 'other income' when the Group's right to receive payments is established.

2.2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.2.10 Impairment of financial assets

The Group's financial assets measured at amortised cost are subject to HKFRS 9's expected credit loss model. The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(c) sets out the details on how the Group determines whether there has been a significant increase in credit risk.

For trade and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group measures the expected credit losses on a combination of both individual and collective basis. To measure the expected credit losses, trade and bills receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivable.

For other receivables, the Group measures the impairment as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of the other receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.11 Trade, bills and other receivables

Trade and bills receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade, bills and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

2.2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at banks and on hand.

2.2.14 Share capital

Ordinary shares are classified as equity.

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

2.2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in interest expense over the period of the borrowings using the effective interest method.

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

2.2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.2.18 Provisions

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.19 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

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

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred income tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and tax expense in the periods in which such estimate is changed.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.19 Current and deferred income tax (Continued)

(b) *Deferred income tax* (Continued)

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

2.2.20 Employee benefits

(a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) *Other long-term employee benefit obligations*

The liabilities for annual leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(c) *Defined contribution plans*

The Group pays contributions to state-managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group has arranged its employees in Hong Kong to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' mandatory contributions are subject to a cap of HK\$1,500 per month.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.20 Employee benefits (Continued)

(d) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.2.21 Share-based payments

The Company has a share-based compensation arrangement, under which the Group receives unidentifiable benefits from other counterparty as consideration for share subscription rights of the Company. The fair value of the share subscription rights are recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the subscription right granted with the consideration of market performance conditions (for example, the Company's share price).

When the share subscription rights are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the share subscription rights are exercised.

2.2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts for the sale of goods in the ordinary course of the Group's activity. Revenue is shown net of returns and after eliminating sales within the Group.

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customers and the payment by the customers exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.22 Revenue recognition (Continued)

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers the promised goods to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer the promised goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Revenue is recognised when specific criteria have been met for the Group's activity as described below:

Sales of goods

Sales of goods transferred at a point in time are recognised when control of the goods has transferred, being when the Group has delivered the products to the customers and the customers have accepted the products. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

2.2.23 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.24 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss. Dividends are recognised as other income in consolidated statement of profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

2.2.25 Lease

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

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.25 Lease (Continued)

To determine the incremental borrowing rate, the Group:

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

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The useful life used for the assets' depreciation purpose are:

Properties	Over the lease term
Land	Over the lease term

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.26 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the years in which the dividend are approved by the Company's shareholders or directors, where appropriate.

2.2.27 Government grants

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

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

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

2.2.28 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Material accounting policies (Continued)

2.2.28 Non-current assets (or disposal groups) held for sale and discontinued operations

(Continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss.

2.2.29 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amounts of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Market risk

(a) Foreign exchange risk

The Group operates in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD") and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations, which are denominated in these currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

(a) Foreign exchange risk (Continued)

Management has a policy to require group companies to manage their foreign exchange risk against functional currency. It mainly includes managing the exposures arise from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and has entered into certain foreign exchange contracts to manage foreign exchange risks. Certain of the Group's cash and cash equivalents, trade, bills and other receivables, trade and other payables, bank and other borrowings and lease liabilities were also denominated in foreign currencies, details of which have been disclosed in accompanying notes to the consolidated financial statements.

There are certain USD financial assets and liabilities held by subsidiaries with RMB functional currency. Since the net positions of USD denominated financial assets and liabilities are not significant, management considers the foreign exchange risk of USD financial assets and liabilities to the Group is not significant. Hence, the Directors of the Company consider the Group does not have any material foreign exchange risk exposure. No sensitivity analysis is presented.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate risk arises mainly from cash at banks and bank and other borrowings. Details of the Group's cash at banks and bank and other borrowings have been disclosed in Notes 20 and 29 to the consolidated financial statements respectively.

As at 31 December 2025, if interest rates on cash at banks and bank and other borrowings had been 100 basis points higher/lower with all variables held constant, loss before income tax for the year then ended would have been approximately RMB544,000 (2024: RMB943,000) higher/lower, mainly as a result of lower/higher of interest income on the cash at banks netted with interest expenses on the bank and other borrowings.

(c) Credit risk

The credit risk of the Group mainly arises from cash at banks, amount due from a related company, trade and bills receivables, deposits and other receivables and financial asset at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

(c) Credit risk (Continued)

The carrying amounts of each financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

The Group has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

The Group's cash at bank was deposited with high quality financial institutions. Therefore, the Group does not expect any significant losses arising from non-performance by these counterparties.

The concentration of credit risk is limited due to the customer base being large and unrelated.

(ii) Impairment of financial assets

The Group has two types of financial asset that is subject to the expected credit loss models:

- Trade and bills receivables
- Other financial assets carried at amortised cost

Trade and bills receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables. The Group measures the expected credit losses on a combination of both individual and collective basis.

To measure the expected credit losses, trade and bills receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

(c) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Measurement of expected credit loss on individual basis

Trade and bills receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a prepayment plan with the Group, and a failure to make contractual payments. As at 31 December 2025, the balance of loss allowance in respect of these individually assessed receivables was RMB10,039,000 (2024: RMB5,360,000).

Measurement of expected credit loss on collective basis

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying the expected credit loss rates to the respective gross carrying amounts of the receivables.

The expected credit loss rates are estimated on the basis of historical credit losses experienced, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivable.

As at 31 December 2025, the balance of loss allowance in respect of these collectively assessed receivables was approximately RMB13,943,000 (2024: RMB2,015,000).

Impairment losses on trade and bills receivables are presented as (impairment losses)/ reversal of on trade and bills receivables in the consolidated statement of profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets carried at amortised cost

The Group's other financial assets carried at amortised cost include prepayments, deposits and other receivables and amount due from a related company in the consolidated statement of financial position. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month expected credit loss. The 12-month expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within twelve months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

(c) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets carried at amortised cost (Continued)

As at 31 December 2025, the balance of loss allowance in respect of deposits and other receivables was approximately RMB16,554,000, which was determined by management of the Group with reference to repayment trend, creditworthiness and nature of on-going business relationship. The loss rates were adjusted to reflect current conditions and forward-looking information such as macroeconomic factors affecting the ability of settle the outstanding balance.

As at 31 December 2024, management considered the credit risk of deposits and other receivables and amount due from a related company to be low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these deposits and other receivables and amount due from a related company were immaterial under 12-month expected losses method. Therefore, the loss allowance provision for these balances was close to zero and no provision was recognised.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the shorter and longer term.

The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate and long-term financing including long-term borrowings and lease liabilities are also considered by the Group in its capital structuring. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings which enable the Group to continue its business for the foreseeable future.

The Group recorded a net loss of RMB463,401,000 and a net cash outflow from operating activities from continuing operations of RMB26,487,000 for the year ended 31 December 2025. As at 31 December 2025, the Group's current liabilities exceeded its current assets by RMB193,154,000 while the Group's cash and cash equivalents amounted to RMB33,688,000. Furthermore, the Group had significant capital expenditures commitment under various contractual and other arrangements as at 31 December 2025, which causes the Group in significant liquidity risk. The Group has taken appropriate plans and measures as set out in Note 2.1 (a) to mitigate such liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

(d) Liquidity risk (Continued)

As at 31 December 2025, the total cash and bank balances of the Group amounted to approximately RMB11,655,000 (2024: RMB9,574,000) were deposited with various banks in Mainland China. The remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the Government of the PRC.

As at 31 December 2025, the Group's total undrawn banking facilities amounted to approximately RMB17,440,000 (2024: RMB20,000,000), and the Group's total drawn banking facilities amounted to approximately RMB66,560,000 (2024: RMB107,136,000). The 2024 balance included an amount of RMB47,351,000 that had been reclassified as held for sale as at 31 December 2024.

The table below analyses the non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances due within twelve months equal their carrying balances as impact from discounting is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

(d) Liquidity risk (Continued)

Specifically, for bank and other borrowings and lease liabilities which contain a repayment on demand clause which can be exercised at the lender's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lender were to invoke the unconditional rights to call the loans with immediate effect.

	Repayable on demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
At 31 December 2025					
Trade and bills payables	–	84,541	–	–	84,541
Other payables and accruals	–	102,821	–	–	102,821
Lease liabilities	71,436	37,685	55,962	–	165,083
Bank and other borrowings					
— principal portion	–	45,277	42,747	–	88,024
Bonds payable	–	17,208	–	–	17,208
Loans from related companies	93,854	–	–	–	93,854
	165,290	287,532	98,709	–	551,531
At 31 December 2024					
Trade payables	–	61,763	–	–	61,763
Other payables and accruals	–	101,189	–	–	101,189
Lease liabilities	33,310	37,519	38,032	57,194	166,055
Bank and other borrowings					
— principal portion	–	60,825	62,208	–	123,033
Bonds payable	–	16,274	–	–	16,274
Loans from related companies	127,582	–	–	–	127,582
	160,892	277,570	100,240	57,194	595,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

(d) Liquidity risk (Continued)

The table below analyses the bank and other borrowings, bonds payable and lease liabilities of the Group into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date without taking into consideration the effect of repayment on demand clause.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
At 31 December 2025				
Lease liabilities	112,884	59,683	-	172,567
Bank and other borrowings				
— Principal portion	45,277	42,747	-	88,024
— Interest portion	1,519	3,990	-	5,509
Bonds payable				
— Principal portion	17,208	-	-	17,208
— Interest portion	638	-	-	638
	177,526	106,420	-	283,946
At 31 December 2024				
Lease liabilities	75,179	41,094	59,064	175,337
Bank and other borrowings				
— Principal portion	60,825	62,208	-	123,033
— Interest portion	3,911	603	-	4,514
Bonds payable				
— Principal portion	16,274	-	-	16,274
— Interest portion	1,581	-	-	1,581
	157,770	103,905	59,064	320,739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders or sell assets to reduce debt.

The Group monitors capital on the basis of the total debt to total capital ratio. Total debt and total capital represent total borrowings (which includes bank and other borrowings, bonds payable, lease liabilities, loans from related companies) and total equity, as shown in the consolidated statement of financial position. The total debt to total capital ratios at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Total borrowings	364,169	432,944
Total (deficit)/equity	(263,254)	136,216
Total debt to total capital ratio	(138)%	318%

The total debt to total capital ratio changed from 318% as at 31 December 2024 to a negative ratio of 138% as at 31 December 2025. This movement was primarily due to the repayment of loans from related companies and banks and other borrowings, during the year ended 31 December 2025. These repayments were partly funded by the proceeds from the issuance of ordinary shares. As a result, total borrowings decreased, however, the negative debt-to-total-capital ratio reflect that total liabilities substantially exceed total equity. This negative equity position raises material uncertainty regarding the Group's ability to continue as a going concern without the continued support of lenders, shareholders, or other funding sources.

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities include cash and cash equivalents, trade and bills receivables, deposit and other receivables, amount due from a related company, trade payables, other payables, loans from related companies, bank and other borrowings, bonds payable and lease liabilities approximate their fair values due to their short maturities. The carrying amounts of non-current deposits, bank and other borrowings and lease liabilities approximate their fair values which are estimated based on the discounted cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The carrying values of financial instruments measured at fair value at the statement of financial position date are categorised among the three levels of the fair value hierarchy defined in HKFRS 13, "Fair value Measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets that are measured at fair values at 31 December 2025 and 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2025				
Financial asset at fair value through profit or loss				
— Wealth management product	-	2,171	-	2,171
At 31 December 2024				
Financial asset at fair value through profit or loss				
— unlisted equity securities	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

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

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 31 December 2024:

	RMB'000
As at 1 January 2024	917
Loss on fair value changes of financial asset at fair value through profit of loss (Note 8)	(917)
As at 31 December 2024	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

4.1 Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Management reassesses the estimation at the end of each reporting period.

4.2 Impairment on receivables

The Group makes provision for impairment on receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical default rates, existing market conditions as well as forward looking estimates at the end of each reporting period. The identification of impairment on receivables requires the use of judgment and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and loss for the impairment on receivables recognised in the periods in which such estimates have been changed.

4.3 Impairment losses on properties, plant and equipment and right-of-use assets in the Aerospace Business

The Group conducts impairment assessments on properties, plant and equipment and right-of-use assets that are subject to depreciation whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

Critical judgements in applying accounting policies (Continued)

4.3 Impairment losses on properties, plant and equipment and right-of-use assets in the Aerospace Business (Continued)

As disclosed in Note 5, the segment assets in the Aerospace Business amounted to approximately RMB48,124,000 as at 31 December 2025 (2024: RMB454,884,000). During the year ended 31 December 2025, the Group was unable to access the premises and is unable to inspect, manage or operate certain aerospace assets located in Hong Kong due to ongoing litigation. In light of these restrictions, the management of the Group has no alternative but to relocate aerospace operations outside Hong Kong. As a result, the management of the Group is in a view that these certain assets are no longer expected to generate any future economic benefits. Accordingly, impairment losses on properties, plant and equipment and right-of-use assets approximately RMB262,945,000 in total, has been recognised in the profit and loss account during the year ended 31 December 2025. For details, please refer to Note 13.

During the year ended 31 December 2024, the Group recognised an impairment of the relevant Group's aerospace assets, measured at fair value less costs of disposal, amounting to approximately RMB87,934,000. For details, please refer to Note 13(a). In addition, impairment losses of RMB12,347,000 on properties, plant and equipment in a disposal group classified as held for sale are set out in Note 23.

5 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in (A) Aerospace Business comprising (1) satellite manufacturing, (2) satellite component manufacturing, (3) precision electronics manufacturing, (4) satellite data applications, (5) satellite telemetry, tracking, and controlling (TT&C), and (6) satellite launch; and (B) EMS Business, including assembling and PCBAs and fully-assembled electronic products.

The chief operating decision-maker has been identified as the Directors. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segments based on these reports.

The Group had two reportable operating segments for both years being:

- (i) EMS Business — Banking and finance and other devices*; and
- (ii) Aerospace Business.

* Included the assets of disposal group classified as held for sale during the year ended 31 December 2024 as disclosed in Note 23.

For the EMS Business — Smart home devices, it was classified as discontinued operations in the year ended 31 December 2024. The segment information reported does not include any amounts for the discontinued operations, which are described in Note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenue and gross profit

	EMS Business RMB'000	Aerospace Business RMB'000	Total RMB'000
For the year ended 31 December 2025			
Continuing operations			
Segment revenue	642,456	–	642,456
Revenue from external customers	642,456	–	642,456
Segment cost of sales	(604,241)	–	(604,241)
Segment gross profit	38,215	–	38,215
Other segment information:			
Depreciation of properties, plant and equipment	15,958	35,953	51,911
Depreciation of right-of-use assets	784	32,461	33,245
Amortisation of intangible assets	640	995	1,635
Impairment losses on properties, plant and equipment and right-of-use assets	–	262,945	262,945
Impairment losses on trade and bills receivables	16,607	–	16,607
Impairment losses on prepayments, deposits and other receivables	170	48,075	48,245
Provision for inventories	6,430	–	6,430
Additions to non-current segment assets*	13,748	3,502	17,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenue and gross profit (Continued)

	EMS Business RMB'000	Aerospace Business RMB'000	Total RMB'000
For the year ended 31 December 2024			
Continuing operations			
Segment revenue	316,554	–	316,554
Inter-segment revenue	(751)	–	(751)
Revenue from external customers	315,803	–	315,803
Segment cost of sales	(267,681)	–	(267,681)
Segment gross profit	48,122	–	48,122
Other segment information:			
Depreciation of properties, plant and equipment	13,139	27,640	40,779
Depreciation of right-of-use assets	1,714	31,858	33,572
Depreciation of investment properties	302	–	302
Amortisation of intangible assets	929	–	929
Impairment losses on properties, plant and equipment	–	87,934	87,934
Impairment losses on assets of disposal group classified as held for sale	12,347	–	12,347
Reversal of impairment on trade and bills receivables	(903)	–	(903)
Provision for inventories	4,534	–	4,534
Additions to non-current segment assets*	1,986	7,511	9,497

* For the year ended 31 December 2025, the additions to non-current segment assets include additions to properties, plant and equipment, right-of-use assets and intangible assets (2024: included additions to properties, plant and equipment and right-of-use assets).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

	EMS Business RMB'000	Aerospace Business RMB'000	Total RMB'000
As at 31 December 2025			
Continuing operations			
Segment assets*	300,357	48,124	348,481
Segment liabilities#	222,616	383,516	606,132

	EMS Business RMB'000	Aerospace Business RMB'000	Total RMB'000
As at 31 December 2024			
Continuing operations			
Segment assets*	387,331	454,884	842,215
Segment liabilities#	240,067	461,156	701,223

Reportable segment assets are reconciled to total assets as follows:

	2025 RMB'000	2024 RMB'000
Segment assets*	348,481	842,215
Current income tax recoverable	–	105
Deferred tax assets	1,238	2,849
Total assets	349,719	845,169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

Reportable segment liabilities are reconciled to total liabilities as follows:

	2025 RMB'000	2024 RMB'000
Segment liabilities [#]	606,132	701,223
Current income tax liabilities	6,024	6,912
Deferred tax liabilities	817	818
Total liabilities	612,973	708,953

* Included in segment assets, there are assets of disposal group classified as held for sales of RMB130,965,000 for the EMS Business as at 31 December 2024.

[#] Included in segment liabilities, there are liabilities of disposal group classified as held for sales of RMB48,460,000 for the EMS business as at 31 December 2024.

(c) Disaggregation of revenue from contracts with customers

The Group derives revenue from the sales of goods at a point in time as follow:

	2025 RMB'000	2024 RMB'000
Continuing operations		
Timing of revenue recognition		
At a point in time — sales of goods	642,456	315,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

(d) Segment revenue by customers' geographical location

The Group's revenue from continuing operations by geographical location, which is determined by the location of customers, is as follows (excluding those related to discontinued operations):

	2025 RMB'000	2024 RMB'000
Hong Kong	308,205	26,488
Mainland China	178,385	177,715
South Korea	75,730	17,823
India	37,693	30,038
Australia	17,699	13,008
Germany	14,853	10,137
Vietnam	5,290	30,568
The United States of America (the "USA")	1,003	6,165
Others	3,598	3,861
	642,456	315,803

(e) Details of contract liabilities

	2025 RMB'000	2024 RMB'000
Contract liabilities (Note 28)	22,941	20,473

Notes:

- (i) Contract liabilities represent advanced payments received from the customers for goods that have not been transferred to the customers. The balances of contract liabilities fluctuated during the years ended 31 December 2025 and 2024 with sales order with advanced payments.
- (ii) The following table shows the amount of revenue recognised in the current year relating to carried-forward contract liabilities:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	12,202	7,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (Continued)

(f) Major customers

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

	2025 RMB'000
Customer A	266,141

The five largest customers accounted for approximately 71% (2024: nil) of revenue for the year ended 31 December 2025.

(g) Non-current assets by geographical location

The total amounts of non-current assets, other than those related to discontinued operations and financial instruments and deferred tax assets of the Group as at 31 December 2025 and 2024 are located in the following regions:

	2025 RMB'000	2024 RMB'000
Hong Kong	27,257	393,693
Mainland China	26,462	63,987
Germany	4	8
	53,723	457,688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging (crediting):

	2025 RMB'000	2024 RMB'000
Continuing operations		
Cost of raw material used	469,758	187,673
Employee benefit expenses and manpower services expenses, including Directors' emoluments (Note 9)	88,118	123,756
Rental expenses of short-term leases in respect of machinery and properties (Note 13(b))	3,434	4,117
Amortisation of intangible assets (Note 15)	1,635	929
Depreciation for properties, plant and equipment and right-of-use assets (Note 13)	85,156	74,351
Depreciation for investment properties (Note 14)	–	302
Provision for inventories	6,430	4,534
Auditor's remuneration		
— Audit services	2,000	2,000
— Non-audit services	351	234
Impairment losses on properties, plant and equipment and right-of-use assets (Note 13)	262,945	87,934
Impairment losses on prepayments, deposits and other receivables (Note 18)	48,245	–
Impairment losses/(reversal of impairment) on trade and bills receivables (Note 21)	16,607	(903)
Impairment losses on assets of disposal group classified as held for sale (Note 23)	–	12,347
Exchange loss	384	1,792
(Gain)/loss on disposal of properties, plant and equipment	(3,756)	55
Fair value changes from financial asset at fair value through profit or loss (Note 3.3(c))	(28)	917

7 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Continuing operations		
Government grants	3,624	2,890
Service income	2,964	2,191
Rental income	–	661
Sundry income	110	1,401
	6,698	7,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 OTHER GAINS/(LOSSES), NET

	2025 RMB'000	2024 RMB'000
Continuing operations		
Loss on disposals of a subsidiary (Note 32(a))	(673)	–
Exchange loss	(384)	(1,792)
Fair value changes from financial asset at fair value through profit or loss (Note 3.3(c))	28	(917)
Gain/(loss) on disposal of properties, plant and equipment (Note 31(b))	3,756	(55)
Others	864	(771)
	3,591	(3,535)

9 EMPLOYEE BENEFIT EXPENSES AND MANPOWER SERVICES EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2025 RMB'000	2024 RMB'000
Continuing operations		
Salaries, wages and bonus	82,449	118,751
Pension costs		
— defined contribution plans (Note (a))	4,191	3,809
Other staff welfares	1,478	1,130
Total employee benefit expenses (including Directors' remunerations)	88,118	123,690
Manpower services expenses (Note (b))	–	66
	88,118	123,756

(a) Pension costs — defined contribution plans

Mainland China

As stipulated under the relevant rules and regulations in the PRC, the subsidiaries operating in Mainland China contribute to state-sponsored retirement plans for its employees. For the years ended 31 December 2025 and 2024, depending on the provinces of the employees' registered residences and their current region of work, the subsidiaries contributed certain percentages of the basic salaries of its employees and had no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees. As at 31 December 2025 and 2024, the Group had no forfeited contributions available to reduce the existing level of contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES AND MANPOWER SERVICES EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Pension costs — defined contribution plans (Continued)

Hong Kong

The Group has arranged its employees in Hong Kong to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' mandatory contributions are subject to a cap of HK\$1,500 per month.

No forfeited contribution is available to reduce the contribution payable in future year.

(b) Manpower services expenses

During the year ended 31 December 2025, there is no manpower services arrangement by the Group.

During the year ended 31 December 2024, the Group entered into certain manpower service arrangements with several external manpower service organisations in Mainland China. Under these arrangements, certain of the Group's manpower requirements were fulfilled by these organisations at agreed service fees whereas the human resources provided were directly employed by the relevant service organisations. The individuals providing services to the Group do not have any employment relationship with the Group.

(c) Five highest paid individuals

The five highest paid individuals in the Group include one existing Director for the year ended 31 December 2025 (2024: two former Directors), whose emoluments are reflected in the analysis presented in Note 41. The emoluments payable to the remaining four (2024: three) individuals for the year ended 31 December 2025 are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	5,401	5,687
Discretionary bonus	—	55
Pension costs — defined contribution plans	55	117
	5,456	5,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES AND MANPOWER SERVICES EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(c) Five highest paid individuals (Continued)

The emoluments of the highest paid employees who are not the Directors fell within the following bands:

	Number of individuals	
	2025	2024
Emolument		
Nil — HK\$500,000	—	—
HK\$500,001 — HK\$1,000,000	1	—
HK\$1,000,001 — HK\$1,500,000	—	—
HK\$1,500,001 — HK\$2,000,000	3	1
HK\$2,000,001 — HK\$2,500,000	—	2

(d) Senior management's emoluments

Emoluments paid or payable to members of senior management who are not the Directors fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands		
Nil — HK\$500,000	3	—
HK\$500,001 — HK\$1,000,000	—	1
HK\$1,000,001 — HK\$1,500,000	—	—
HK\$1,500,001 — HK\$2,000,000	1	—
HK\$2,000,001 — HK\$2,500,000	—	—

- (e) During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 FINANCE COSTS, NET

	2025 RMB'000	2024 RMB'000
Continuing operations		
Finance income		
Interest income on cash at banks	258	185
Finance costs		
Interest expense on bank and other borrowings	(6,194)	(7,406)
Interest expense on lease liabilities (Note 13(b))	(4,499)	(5,826)
Interest expense on bonds payable	(3,303)	(2,726)
Late interest on rental charges	(5,824)	(1,532)
	(19,820)	(17,490)
Finance costs, net	(19,562)	(17,305)

11 INCOME TAX EXPENSE

During the years ended 31 December 2025 and 2024, no provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profits in Hong Kong.

During the year ended 31 December 2025, Shenzhen Hengchang Sheng Technology Company Limited* ("Shenzhen Hengchang Sheng"), the Group's major operating subsidiary in Mainland China has qualified for high and new technology enterprises status and is therefore subject to a preferential income tax rate of 15% (2024: 15%).

Gang Hang Ke (Shenzhen) Space Technology Co., Limited* ("SZ Gang Hang Ke"), the Group's subsidiary in Mainland China, has been qualified for small-scale enterprises with minimal profits status and is subject to an applicable tax rate of 20% (2024: 20%).

Eternity Electronic Manufacturing Service GmbH, the Group's subsidiary in Germany were subject to German corporate income tax at the tax rate of 15.825% during the year ended 31 December 2025 (2024: 15.825%).

Other Group's entities in Mainland China were subject to the corporate income tax ("CIT") in the PRC at the tax rate of 25% during the year ended 31 December 2025 (2024: 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE (Continued)

	2025 RMB'000	2024 RMB'000
Continuing operations		
Current income tax		
— German Enterprise Income Tax	160	64
	160	64
Under provision in prior year:		
— PRC Enterprise Income Tax	17	123
Deferred income tax (Note 26)	1,610	637
Income tax expense	1,787	824

* For identification purpose only

The taxation on the Group's loss before income tax differed from the theoretical amount that would arise using the weighted average tax rate applicable to losses of subsidiaries of the Group as follows:

	2025 RMB'000	2024 RMB'000
Loss before income tax	(461,614)	(267,769)
Tax calculated at tax rates applicable to profits/losses of the respective subsidiaries	(79,685)	(45,319)
Tax effect of:		
Income not subject to tax	(7,609)	(1,076)
Expenses not deductible for tax purpose	80,351	48,105
Tax loss for which no deferred income tax asset was recognised	9,491	1,623
Underprovision in prior year	120	123
Utilisation of tax loss previously not recognised	(610)	(2,376)
Temporary difference previously not recognised	-	(174)
Super deductions from research and development expenditures (Note)	(271)	(82)
Income tax expense	1,787	824

Note: According to the relevant laws and regulations promulgated by the State Administration of Taxation of Mainland China, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 LOSS PER SHARE

For continuing operations

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
Loss:		
Loss for the year attributable to equity holders of the Company	(325,257)	(198,005)
Less: Profit for the year from discontinued operations	-	3,260
Loss for the purposes of basic loss per share from continuing operations	(325,257)	(201,265)
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic loss per share (thousands of shares)	537,487	381,195

For continuing and discontinued operations

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

	2025 RMB'000	2024 RMB'000
Loss:		
Loss for the purpose of basic loss per share		
Loss for the year attributable to equity holders of the Company	(325,257)	(198,005)

The denominator used are the same as those detailed above for basic loss per share.

For continuing operations

During the year ended 31 December 2025, basis loss per share for the continuing operations is RMB60.5 cents per share, based on loss for the year from continuing operations of approximately RMB325,257,000 and the denominator detailed above for basis loss per share.

For discontinued operations

During the year ended 31 December 2024, basic profit per share for the discontinued operations is RMB0.86 cents per share, based on profit for the period/year from discontinued operations of RMB3,260,000 and the denominator detailed above for basic loss per share.

No diluted loss per share is presented as there is no potential ordinary share outstanding for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Properties, plant and equipment										
	Right-of-use assets	Furniture and fixtures		Office equipment	Plant and machinery	Motor vehicles	Satellites	Leasehold improvements	Construction in progress	Subtotal	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024											
Opening net book amount	173,477	81,958	617	423	37,394	832	4,734	24,756	369,745	520,459	693,936
Additions	2,375	-	123	27	334	-	-	179	6,500	7,163	9,538
Depreciation	(36,387)	(3,802)	(203)	(258)	(15,972)	(293)	(1,386)	(20,991)	-	(42,905)	(79,292)
Disposals	(227)	-	-	-	(734)	-	-	-	-	(734)	(961)
Transfer to assets of disposal group classified as held for sale	(24,689)	(70,821)	(36)	(9)	-	-	-	(11,864)	-	(82,730)	(107,419)
Written-off	-	-	-	-	-	-	-	-	(6,175)	(6,175)	(6,175)
Impairment losses (Note 6)	-	-	(5)	(7)	(57,405)	-	(3,348)	(4,304)	(22,865)	(87,934)	(87,934)
Disposal of subsidiaries	(5,067)	-	-	(5)	(3,018)	(75)	-	-	-	(3,098)	(8,165)
Transfer	-	-	-	-	174,220	-	-	99,191	(273,411)	-	-
Exchange difference	4,108	-	-	21	31	5	-	155	12,486	12,698	16,806
	113,590	7,335	496	192	134,850	469	-	87,122	86,280	316,744	430,334
At 31 December 2024											
Cost	200,926	11,448	837	2,698	217,587	4,017	6,817	110,348	109,235	462,987	663,913
Accumulated depreciation and impairment	(87,336)	(4,113)	(341)	(2,506)	(82,737)	(3,548)	(6,817)	(23,226)	(22,955)	(146,243)	(233,579)
Net carrying amount	113,590	7,335	496	192	134,850	469	-	87,122	86,280	316,744	430,334
Year ended 31 December 2025											
Opening net book amount	113,590	7,335	496	192	134,850	469	-	87,122	86,280	316,744	430,334
Additions	2,503	-	129	998	1,122	-	-	12,471	-	14,720	17,223
Depreciation	(33,245)	(270)	(223)	(258)	(27,083)	(219)	-	(23,858)	-	(51,911)	(85,156)
Disposal	-	(690)	-	-	-	(18)	-	-	-	(708)	(708)
Transfer to a lender (Note)	-	-	-	-	(40,168)	-	-	-	-	(40,168)	(40,168)
Lease termination	(511)	-	-	-	-	-	-	-	-	-	(511)
Impairment losses	(78,141)	(4,709)	(77)	(92)	(54,631)	-	-	(47,897)	(77,398)	(184,804)	(262,945)
Exchange difference	(2,137)	-	(12)	(3)	(2,207)	(3)	-	(1,880)	(1,637)	(5,742)	(7,879)
	2,059	1,666	313	837	11,883	229	-	25,958	7,245	48,131	50,190
At 31 December 2025											
Cost	195,636	9,728	956	3,688	174,301	3,461	6,817	118,918	105,566	423,435	619,071
Accumulated depreciation and impairment	(193,577)	(8,062)	(643)	(2,851)	(162,418)	(3,232)	(6,817)	(92,960)	(98,321)	(375,304)	(568,881)
Net carrying amount	2,059	1,666	313	837	11,883	229	-	25,958	7,245	48,131	50,190

Note: During the year, the Group obtained a borrowing of HK\$42,100,000 (approximately RMB38,820,000) from an independent third party, which was secured by pledged assets with carrying amounts of HK\$43,562,000 (approximately RMB40,168,000). Consequently, the borrowing, together with accrued interest, with a net carrying amount of HK\$43,562,000 (approximately RMB40,168,000), was defaulted during the year, and those pledged assets were transferred to the lender to offset the defaulted borrowing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

(a) Properties, plant and equipment and right-of-use assets

During the year ended 31 December 2025, depreciation expenses from continuing operations of approximately RMB80,607,000 (2024: RMB70,563,000) were charged in general and administrative expenses; approximately RMB566,000 (2024: RMB583,000) were charged in selling and distribution expenses; approximately RMB3,983,000 (2024: RMB3,205,000) were charged in cost of sales.

During the year ended 31 December 2025, the Group was unable to access the premises and is unable to inspect, manage or operate certain aerospace assets located in Hong Kong due to ongoing litigation. In the circumstances, the management decided to relocate aerospace operations outside Hong Kong. For the purpose of the impairment assessment, these related assets were assessed together as a cash-generating unit of the Aerospace business in Hong Kong. The recoverable amount of this CGU was determined based on its value-in-use. Consequently, management has determined that these assets are no longer expected to generate future economic benefits, its value in use was assessed to be nil. As a result, an impairment loss totalling approximately RMB262,945,000 was recognised during the year on the related property, plant, equipment, and right-of-use assets.

As at 31 December 2024, given that the business plan to generate economic benefits to the Group from the satellites has been further delayed compared with the management's original business plan, the Group has carried out an impairment assessment over the satellites. Accordingly, full impairment of approximately RMB3,348,000 has been made on those satellites without secured sales orders.

The Group has considered that the date of commencement of the commercial operation of the Group's satellite measurement and controlling business has been deferred from its original plan, and therefore an impairment indicator has existed at 31 December 2024 for this business, which is a separate cash generating unit. The Group has engaged an external valuer to determine the fair value less cost of disposal of the business at 31 December 2024, using the following key assumptions:

	2024
Enterprise value to total asset multiple:	1.28
Discount for lack of marketability (Note i):	34%
Cost of disposal:	2%

Note i — A higher DLOM is adopted, considering the ongoing litigation that affects the marketability of the property, plant, and equipment.

Based on the valuation carried out by the valuer, the Group considered that an impairment of RMB84,586,000 was necessary at 31 December 2024 as the fair value less cost of disposal of the business was below its carrying value.

For information on non-current assets pledged as securities by the Group, refer to Note 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

(b) Leases

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Properties	2,059	113,590
	2,059	113,590
	2025 RMB'000	2024 RMB'000
Lease liabilities		
Current portion	109,121	70,829
Non-current portion	55,962	95,226
	165,083	166,055

The carrying amounts of the Group's lease liabilities were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	138	1,449
HK\$	164,945	164,606
	165,083	166,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

(b) Leases (Continued)

(ii) Amounts recognised in the consolidated statement of profit or loss

	2025 RMB'000	2024 RMB'000
Continuing operations		
Depreciation charge of right-of-use assets		
Land-use rights	–	555
Properties	33,245	33,017
	33,245	33,572
Interest expense on lease liabilities (Note 10)	4,499	5,826
Rental expenses of short-term leases in respect of machinery and properties (Note 6)	3,434	4,117

(iii) Amounts recognised in the consolidated statement of cash flows

During the years ended 31 December 2025 and 2024, the total cash outflows for leases were analysed as below:

	2025 RMB'000	2024 RMB'000
Cash flows from operating activities from continuing operations*		
Payments for short-term leases in respect of machineries and properties	3,434	4,117
Cash flows from financing activities from continuing operations		
Repayment of principal elements of lease liabilities	1,343	4,653
Repayment of interest elements of lease liabilities	70	5,826
The total cash outflow of leases	4,847	14,596

* Payments for short-term leases were not shown separately, but included in the line of 'loss before income tax' in respect of the net cash used in operations using the indirect method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

(b) Leases (Continued)

(iv) The Group's leasing activities and how these are accounted for

The Group leases various offices, staff quarters and a factory. Rental contracts are typically made for fixed periods of 2 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

(v) Termination options

Termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of termination options are exercisable only by the Group as lessee and not by the respective lessor.

14 INVESTMENT PROPERTY

	2024 RMB'000
At cost	
Beginning net carrying amount of the year	5,610
Depreciation	(302)
Transfer to assets of disposal group classified as held for sale (Note 23)	(5,308)
End of the year	–
Cost	5,862
Accumulated depreciation	(554)
Transfer to assets of disposal group classified as held for sale (Note 23)	(5,308)
Net carrying amount	–

Investment property is situated in Mainland China.

Depreciation of approximately RMB302,000 for the year ended 31 December 2024 had been included in general and administrative expenses.

The fair values of the Group's investment property as at 31 December 2024 were approximately RMB7,800,000, as determined by an independent professional valuation firm. It was transferred to assets of disposal group classified as held for sale during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS

	Membership right RMB'000	System software RMB'000	Website RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening net book amount	426	1,601	2,945	4,972
Amortisation	(40)	(889)	–	(929)
Exchange difference	–	–	100	100
Closing net book amount	386	712	3,045	4,143
At 31 December 2024				
Cost	610	3,397	3,045	7,052
Accumulated amortisation	(224)	(2,685)	–	(2,909)
Net book amount	386	712	3,045	4,143
Year ended 31 December 2025				
Opening net book amount	386	712	3,045	4,143
Additions	–	27	–	27
Amortisation	(40)	(599)	(996)	(1,635)
Exchange difference	–	–	(92)	(92)
Closing net book amount	346	140	1,957	2,443
At 31 December 2025				
Cost	610	3,424	2,935	6,969
Accumulated amortisation	(264)	(3,284)	(978)	(4,526)
Net book amount	346	140	1,957	2,443

During the year ended 31 December 2025, amortisation expenses of approximately RMB1,631,000 (2024: RMB821,000) were charged in general and administrative expense and approximately RMB4,000 (2024: RMB108,000) were charged in cost of sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2025 RMB'000	2024 RMB'000
Assets as per consolidated statement of financial position		
Financial assets at amortised cost		
Trade and bills receivables (Note 21)	170,692	91,272
Deposits and other receivables (Note 18)	8,619	30,377
Amount due from a related company (Note 39)	–	18
Cash and cash equivalents (Note 20)	33,688	28,719
	212,999	150,386
Financial asset at fair value		
Financial asset at fair value through profit or loss (Note 17)	2,171	–
	215,170	150,386
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
Trade and bills payables (Note 27)	84,541	61,763
Other payables and accruals (Note 28)	102,821	101,189
Lease liabilities (Note 13(b))	165,083	166,055
Bank and other borrowings (Note 29)	88,024	123,033
Bonds payable (Note 30)	17,208	16,274
Loans from related companies (Note 39)	93,854	127,582
	551,531	595,896

17 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Wealth management product	2,171	–

Financial asset at fair value through profit or loss is held for investments purpose and denominated in RMB.

On 24 December 2025, the Group subscribed an institutional wealth management product with a one-month maturity for an aggregate amount of RMB2,171,000. This product carried an expected annualised rate of return of 2.58%. The investment was classified as a current asset in the financial statements as at 31 December 2025. The product was subsequently matured and settled on 4 January 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	52,208	43,348
Prepayments for the acquisition of properties, plant and equipment and intangible asset	30,439	31,375
Less: provision for impairment on prepayments (Note 1)	(31,250)	–
	51,397	74,723
Deposits (Note 2)	19,141	19,484
Other receivables (Note 2)	6,032	10,893
Value-added tax receivables	10,378	20,473
Less: provision for impairment on deposits and other receivables (Note 3)	(16,554)	–
	70,394	125,573
Analysed as		
Current	69,304	77,223
Non-current	1,090	48,350
	70,394	125,573

Note 1: As at 31 December 2025, the balance of loss allowance in respect of prepayments related to the aerospace business located in Hong Kong was approximately RMB31,250,000, net of exchange difference of approximately HK\$441,000 which was determined by management's strategic decision to relocate Aerospace Business outside Hong Kong, and the failure of the counterparties to engage in a settlement refund plan with the Group, further, the Group lost control over certain aerospace assets located in Hong Kong during the current year due to on-going litigation consequently the management of the Group is in a view that the related prepayment and deposits were deemed as unrecoverable, a full impairment was required.

Note 2: As at 31 December 2025 and 2024, the carrying amounts of deposits and other receivables approximated their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Note 3: Movements of the provision for impairment on deposits and other receivables were as follows:

	Year ended 31 December 2025			Total RMB'000
	12-month ECLs	Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
At beginning of the year	-	-	-	-
Provision for impairment on deposits and other receivables	158	-	16,396	16,554
At end of the year	158	-	16,396	16,554

The carrying amounts of the Group's deposits and other receivables were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	6,341	9,265
USD	14	1,424
HK\$	2,206	19,670
EUR	54	18
	8,615	30,377

19 INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	13,269	24,177
Work in progress	831	1,994
Finished goods	4,803	5,020
	18,903	31,191

The cost of inventories recognised as expense and included in cost of sales during the year ended 31 December 2025 amounted to approximately RMB592,283,000 (2024: RMB266,338,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Current portion		
Cash at banks	33,613	28,647
Cash on hand	75	72
Cash and cash equivalents	33,688	28,719
Maximum exposure to credit risk	33,613	28,647

The carrying amounts of the Group's cash and cash equivalents, pledged bank deposits and restricted cash approximated their fair value and were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	17,289	7,629
USD	5,723	9,537
HK\$	4,748	3,579
EUR	5,909	7,955
Others	19	19
	33,688	28,719

As at 31 December 2025, the total cash and bank balances of the Group amounted to approximately RMB11,655,000 (2024: RMB9,574,000) were deposited with various banks in Mainland China. The remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the Government of the PRC.

Cash at banks earned interest of floating rates based on daily bank deposits rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	194,446	98,635
Bills receivables	228	12
Less: provision for impairment on trade and bills receivables	(23,982)	(7,375)
Trade and bills receivables	170,692	91,272

The Group's sales were made on credit terms primarily from 30 to 120 days.

As at 31 December 2025 and 2024, the aging analysis of trade and bills receivables, net of impairment, based on invoice date, was as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	119,067	87,800
Over 3 months	75,607	10,847
Less: provision for impairment on trade and bills receivables	(23,982)	(7,375)
	170,692	91,272

Movements of the provision for impairment on trade and bills receivables were as follows:

	2025 RMB'000	2024 RMB'000
At beginning of the year	7,375	13,439
Provision for impairment/(reversal of impairment) on trade and bills receivables on individual basis	4,679	(755)
Provision for impairment/(reversal of impairment) on trade and bills receivables on collective basis	11,928	(148)
Written-off of provision for impairment	-	(5,443)
Exchange difference	-	282
At end of the year	23,982	7,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND BILLS RECEIVABLES (Continued)

The carrying amounts of the Group's trade and bills receivables were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	138,909	67,475
USD	31,498	23,251
EUR	285	546
	170,692	91,272

The maximum exposure to credit risk as at 31 December 2025 and 2024 was the carrying value of the trade and bills receivables mentioned above. The Group does not hold any collateral as security.

22 DISCONTINUED OPERATIONS

On 28 June 2024, the Group entered into an agreement with a third party in relation to the disposal of the entire equity interest of Productive Glory Limited (then an indirect wholly-owned subsidiary of the Company) which, together with its subsidiaries (the "Productive Group"), for a consideration of HK\$37,387,000 (equivalent to approximately RMB34,420,000) (the "Disposal").

The Disposal of the operating segment — smart home devices is completed on 29 October 2024 and constitutes a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as the disposal group. As a result, this reportable operating segment was not included in the continuing segment information in Note 5.

Upon completion of the Disposal, the Group ceased to have beneficial interest in the disposal group, and all the companies in the disposal group ceased to be subsidiaries of the Company. The financial results of the disposal group were no longer consolidated into the consolidated financial statements of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 DISCONTINUED OPERATIONS (Continued)

Financial performance and cash flow information

The financial performance and cash flow information presented below were for the period from 1 January 2024 to 29 October 2024.

	Period ended 29 October 2024 RMB'000
Revenue	107,944
Cost of sales	(103,987)
Gross profit	3,957
Other income	3,819
Other losses, net	(301)
Selling and distribution expenses	(621)
General and administrative expenses	(5,256)
Finance costs, net	(1,000)
Income tax expense	(678)
Loss from discontinued operations	(80)
Gain on disposals of subsidiaries (Note 32)	3,340
	3,260
Net cash inflow from operating activities	18,878
Net cash outflow from investing activities	(40)
Net cash outflow from financing activities	(23,037)
Net decrease in cash generated by the discontinued operations	(4,199)

23 A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 22 November 2024, the Group entered into an agreement with a third party for the disposal of its entire equity interest in Huizhou City Eternity Technology Company (the "Target Company"), an indirect wholly-owned subsidiary of the Company, at a consideration of RMB27,100,000. The principal asset of the Target Company comprises a parcel of land and a building located in the PRC.

As of 31 December 2024, the completion of the disposal subject to various conditions specified in the agreement and was expected to take place within twelve months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

The assets and liabilities of the Target Company were reclassified as a disposal group held for sale and presented separately in the consolidated statement of financial position as at 31 December 2024. As at 31 December 2024, the assets and liabilities of the disposal group were measured at the fair value less cost to sell, which was lower than the carrying amount and an impairment loss of approximately to RMB12,347,000 was made.

The following assets and liabilities were reclassified as held for sale in relation to the disposal group as at 31 December 2024:

	RMB'000
Assets of disposal group classified as held for sale	
Properties, plant and equipment	107,419
Investment property	5,308
Inventories	16,917
Prepayments, deposits and other receivables	10,591
Restricted cash	2,683
Cash and cash equivalents	394
	143,312
Less: Impairment losses on assets of disposal group classified as held for sale (Note 6)	(12,347)
	130,965
Liabilities of disposal group classified as held for sale	
Other payables and accruals	1,109
Bank borrowings (Note a)	47,351
Amount due to the Group	55,405
	103,865
Less: Amount due to the Group (Note b)	(55,405)
	48,460
Carrying amounts of net assets disposed of	27,100

Notes:

- (a) As at 31 December 2024, the bank borrowings and facilities of the disposal group were secured by the land-use-right with carrying value of RMB24,689,000.
- (b) The amount due to the Group arises from inter-company balances that will be eliminated in the consolidated statement of financial position. The management anticipates that the amount due to the Group would be settled prior to the completion of the disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 DEFERRED GOVERNMENT GRANTS

	2025 RMB'000	2024 RMB'000
At 1 January	6,496	9,004
Released to the consolidated statement of profit or loss	(3,115)	(2,581)
Exchange difference	(35)	73
At 31 December	3,346	6,496

Note: The amount primarily related the government grants received for the purchase of certain equipment and subsidy received for renovation of office. There were no unfulfilled conditions or contingencies attached to the grants.

25 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Nominal value HK'000			
Share capital					
Authorised:					
Ordinary shares of HK\$0.01 each as at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	8,000,000	80,000			
	Number of shares '000	Nominal value HK\$'000	Share premium HK\$'000	Nominal value RMB'000	Share premium RMB'000
Issued and fully paid:					
At 1 January 2024	315,378	3,154	386,398	2,751	326,330
Issuance of ordinary shares	188,696	1,887	226,321	1,737	207,046
At 31 December 2024 and 1 January 2025	504,074	5,041	612,719	4,488	533,376
Issuance of ordinary shares	100,000	1,000	64,100	917	58,760
At 31 December 2025	604,074	6,041	676,819	5,405	592,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

The analysis of deferred tax assets/(liabilities) was as follows:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	1,238	2,849
Deferred tax liabilities	(817)	(818)
	421	2,031

The net movement on the deferred tax assets/(liabilities) was as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	2,031	2,985
Charged to consolidated statement of profit or loss (Note 11)	(1,610)	(637)
Disposal of subsidiaries	-	(317)
At end of year	421	2,031

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

The movement in deferred tax assets during the years ended 31 December 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows:

	PRC accrued expenses RMB'000	Lease liabilities RMB'000	Government grants RMB'000	Provision RMB'000	Tax loss RMB'000	Unrealised profits RMB'000	Total RMB'000
At 1 January 2024	3,426	2,445	953	477	867	137	8,305
(Charged)/credited to the consolidated statement of profit or loss	(368)	118	(269)	-	(867)	-	(1,386)
Disposal of subsidiaries	(192)	(2,433)	-	-	-	-	(2,625)
At 31 December 2024 and 1 January 2025	2,866	130	684	477	-	137	4,294
Charged to the consolidated statement of profit or loss	(789)	(120)	(182)	(477)	-	(137)	(1,705)
At 31 December 2025	2,077	10	502	-	-	-	2,589

Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of RMB26,663,000 (2024: RMB22,291,000) in respect of losses amounting to RMB134,309,000 (2024: RMB117,282,000) as at 31 December 2025. These tax losses are subject to the agreement with the tax authorities and can be carried forward against future taxable income. The tax losses have no expiry date except for tax losses amounting to RMB122,225,000 (2024: RMB105,070,000) of Mainland China subsidiaries which will expire in 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

As at 31 December 2025 and 2024, the expiry dates for the Group's unused tax losses are as follows:

	2025 RMB'000	2024 RMB'000
Expiry in		
2024	–	–
2025	–	393
2026	28,533	32,031
2027	25,857	33,929
2028	26,616	31,322
2029	3,804	7,395
2030	37,415	–
No expiry date	12,084	12,212
	134,309	117,282

The movement in deferred tax liabilities during the years ended 31 December 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows:

	Tax depreciation RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	(3,003)	(2,317)	(5,320)
Credited/(charged) to the consolidated statement of profit or loss	867	(118)	749
Disposal of subsidiaries	–	2,308	2,308
At 31 December 2024 and 1 January 2025	(2,136)	(127)	(2,263)
(Charged)/credited to the consolidated statement of profit or loss	(22)	117	95
At 31 December 2025	(2,158)	(10)	(2,168)

The Group had undistributed earnings of subsidiaries in the Mainland China of approximately RMB101,734,000 as at 31 December 2025 (2024: RMB89,542,000), which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions of dividends from the Mainland China subsidiaries and is not expected to distribute these profits in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	60,541	61,763
Bills payables (Note)	24,000	–
	84,541	61,763

The carrying amounts of the Group's trade payables were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	79,446	48,692
USD	5,010	13,050
EUR	85	21
	84,541	61,763

As at 31 December 2025 and 2024, the carrying amounts of trade and bills payables approximated their fair values.

As at 31 December 2025 and 2024, the aging analysis of trade payables, based on invoice date, was as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	80,514	57,936
Over 3 months	4,027	3,827
	84,541	61,763

As at 31 December 2025, certain banking facilities granted to the Group for the issuance of bills payables were secured by (i) properties of the group entity with a carrying value of approximately RMB1,647,000, (ii) properties owned by a private company held by a director of the Company, Mr. Ma Fujun and (iii) property which is commonly held by a director of the Company, Mr. Ma Fujun and his wife, who is also a director of the Company's subsidiary. These bank facilities are further personal guaranteed by Mr. Ma Fujun and his wife.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 PROVISION FOR REINSTATEMENT COST, CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Current portion		
Payables for construction works	24,964	25,902
Interest payable	3,596	5,969
Other tax payables	5,364	4,895
Other payables	15,386	20,867
Payable on litigation case (Note)	31,150	11,188
Accrued salaries and bonus	22,361	32,368
Accrued expenses	6,125	6,876
Contract liabilities (Note 5(e))	22,941	20,473
	131,887	128,538
Non-current portion		
Provision for reinstatement cost	22,189	23,022
	154,076	151,560

As at 31 December 2025 and 2024, the carrying amounts of contract liabilities, other payables and accruals approximated their fair values and were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	55,357	65,037
HK\$	53,801	38,570
USD	17,881	17,610
EUR	4,848	7,315
JPY	-	6
	131,887	128,538

Note: During the year ended 31 December 2025 and 2024, the Group has been served writs for alleged breaches of tenancy agreements for an amount of approximately RMB102,586,000 (2024: RMB44,498,000) in relation to the legal proceedings commenced by Hong Kong Science and Technology Parks Corporation. In which, the Group made provision on litigation case of approximately RMB31,150,000 (2024: RMB11,188,000) and the remaining outstanding rent of approximately RMB71,436,000 (2024: RMB33,310,000) was recognised as lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 BANK AND OTHER BORROWINGS

Bank and other borrowings were analysed as follows:

	2025 RMB'000	2024 RMB'000
Current		
Bank borrowings — secured and guaranteed	42,560	59,785
Other borrowings — unsecured	2,717	1,040
	45,277	60,825
Non-current		
Other borrowings — secured and guaranteed (Note)	42,747	59,389
Other borrowings — unsecured	—	2,819
	42,747	62,208
	88,024	123,033

As at 31 December 2025 and 2024, the weighted average interest rate per annum of the Group's bank and other borrowings was 3.35% and 3.48% respectively.

As at 31 December 2025 and 2024, the carrying amounts of the bank and other borrowings approximated their fair values.

Note: The Group has entered into supplemental agreements with the lender to extend the repayment date of the loans of approximately RMB42.7 million to 7 April 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 BANK AND OTHER BORROWINGS (Continued)

As at 31 December 2025, the bank and other borrowings and facilities were secured by the following:

- (i) Shares of the Company's subsidiary;
- (ii) Corporate guarantees provided by the Company's subsidiaries; and
- (iii) A personal guarantee provided by a director of the Company, Mr. Ma Fujun and his wife, who is also a director of the Company's subsidiary.

As at 31 December 2024, the bank borrowings and banking facilities were secured by the following:

- (i) Properties with carrying value of RMB2,607,000;
- (ii) Equipment with carrying value of RMB9,335,000;
- (iii) Shares of the Company's subsidiary;
- (iv) Corporate guarantees provided by the Company and the Company's subsidiaries; and
- (v) A personal guarantee provided by a director of the Company, Mr. Ma Fujun.

As at 31 December 2025 and 2024, the Group's bank and other borrowings were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	45,277	60,825
Between 1 and 2 years	42,747	62,208
	88,024	123,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 BANK AND OTHER BORROWINGS (Continued)

The carrying amounts of the Group's bank and other borrowings were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	42,560	60,825
HK\$	45,464	62,208
	88,024	123,033

30 BONDS PAYABLE

	2025 RMB'000	2024 RMB'000
Current Unlisted bonds (Note)	17,208	16,274

Note:

During the year ended 31 December 2024, the Company and Geo Securities Limited (the "Placing Agent B") entered into a placing agreement pursuant to which the Placing Agent B has agreed to procure independent places to subscribe for the one-year 10% per annum fixed coupon unsecured unsubordinated and unlisted bonds to be issued by the Company in an aggregate principal amount of HK\$100,000,000 for six months from the date of the placing agreement ("Bond B"). For Bond B, the Company has issued the bonds with an aggregate principal amount of approximately RMB17,854,000 during the year ended 31 December 2024.

Both bonds payable is subject to the fulfilment of covenants relating to certain of the Group's consolidated statement of financial position ratio, as is commonly found in similar lending arrangement for both years. For Bond B, at 31 December 2025, the Company has met such requirements on consolidated statement of financial position ratio, and no breach of financial covenant is noted. One of the bondholders of HS\$1,000,000 in Bond B was due in 2025 and expired. The remaining bondholders in Bond B were due in 2025 and the Company has further extended the Bond B with the bondholders for six months.

The carrying amount of the bonds payable is denominated in HK\$ and approximated its fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash used in continuing operations

	Note	2025 RMB'000	2024 RMB'000
Loss before income tax		(461,614)	(267,769)
Adjustments for:			
Finance income	10	(258)	(185)
Finance costs	10	19,820	17,490
Depreciation	6	85,156	74,653
Amortisation	6	1,635	929
Provision for inventories	6	6,430	4,534
Impairment losses on assets of disposal group classified as held for sale	6	—	12,347
Impairment losses on properties, plant and equipment and right-of-use assets	6	262,945	87,934
Impairment losses/(reversal of impairment) on trade and bills receivables	6	16,607	(903)
Impairment losses on prepayments, deposits and other receivables	6	48,245	—
(Gain)/loss on disposal of properties, plant and equipment	6	(3,756)	55
Loss on disposals of a subsidiary	8	673	—
Government grants	24	(3,115)	(2,581)
Fair value changes from financial asset at fair value through profit or loss	6	(28)	917
		(27,260)	(72,579)
Changes in working capital:			
— Trade and bills receivables		(24,698)	40,811
— Prepayments, deposits and other receivables		17,901	(37,789)
— Inventories		5,858	29,072
— Trade payables		3,902	(7,148)
— Contract liabilities, other payables and accruals		(2,482)	4,487
— Related company balances		18	—
Cash used in continuing operations		(26,761)	(43,146)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) In the consolidated statement of cash flows, proceeds from disposal of properties, plant and equipment comprised:

	2025 RMB'000	2024 RMB'000
Net book amount disposed	708	961
Gain/(loss) on disposal of properties, plant and equipment (Note 8)	3,756	(55)
Proceeds from disposal of properties, plant and equipment	4,464	906

(c) The reconciliations of liabilities arising from financing activities were as follows:

	Bank and other borrowings and interest payable RMB'000	Bonds payable and interest payable RMB'000	Lease liabilities RMB'000	Loans from related companies RMB'000	Total RMB'000
At 1 January 2025	123,033	16,478	166,055	127,582	433,148
Cash flow:					
— Repayments	(80,425)	(1,551)	(1,413)	(81,901)	(165,290)
— Additions	81,380	-	2,503	47,523	131,406
Other non-cash movements:					
— Interest	6,194	3,303	4,499	-	13,996
— Change in working capital	-	-	(486)	-	(486)
— Other settlement (Note 13)	(40,168)	-	-	-	(40,168)
— Currency translation differences	(1,990)	(628)	(6,075)	650	(8,043)
At 31 December 2025	88,024	17,602	165,083	93,854	364,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) The reconciliations of liabilities arising from financing activities were as follows:
(Continued)

	Bank and other borrowings and interest payable RMB'000	Bonds payable and interest payable RMB'000	Lease liabilities RMB'000	Loans from related companies RMB'000	Total RMB'000
At 1 January 2024	251,560	18,578	168,631	258,140	696,909
Cash flow:					
— Repayments	(180,223)	(20,582)	(10,479)	(215,522)	(426,806)
— Additions	106,619	15,758	2,375	84,268	209,020
Other non-cash movements:					
— Interest	8,253	2,726	6,126	—	17,105
— Change in working capital	1,864	(579)	(475)	—	810
— Disposals of subsidiaries	(15,900)	—	(5,522)	—	(21,422)
— Currency translation differences	2,413	577	5,399	696	9,085
Reclassification:					
Assets of disposal group classified as held for sale	(47,351)	—	—	—	(47,351)
At 31 December 2024	127,235	16,478	166,055	127,582	437,350

32 DISPOSAL OF SUBSIDIARIES

- (a) On 22 November 2024, the Group entered into an agreement with a third party in relation to the disposal of the entire equity interest of Huizhou City Eternity Technology Limited, for a consideration of RMB27,100,000. All conditions precedent under the share sale and purchase agreement were fulfilled and the disposal was completed on 18 July 2025.

Details of the net assets disposed of are as follows:

	For the year ended 31 December 2025 RMB'000
Consideration received or receivable:	
Cash	27,100
Carrying amounts of net assets disposed of	(40,120)
Add: Impairment losses on assets of disposal group from prior year	12,347
Loss on disposal of subsidiaries	(673)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 DISPOSAL OF SUBSIDIARIES (Continued)

(a) (Continued)

The carrying amounts of assets and liabilities as at the date of disposal (18 July 2025) were:

	On 18 July 2025 RMB'000
Property, plant and equipment	107,443
Investment property	5,308
Inventories	26,608
Trade receivables	181
Other receivables	10,755
Restricted cash	2,683
Cash and cash equivalents	6,171
Total assets	159,149
Bank borrowings	37,580
Trade payables	11,062
Other payables	2,769
Contract liabilities	4,232
Shareholder loan	63,386
Total liabilities	119,029
Net assets	40,120
Net cash inflow arising on disposal	
Cash consideration received	27,100
Cash and cash equivalents on disposal group	(8,854)
	18,246

- (b) On 28 June 2024, the Group entered into an agreement with a third party in relation to the disposal of the entire equity interest of Productive Glory Limited (then an indirect wholly-owned subsidiary of the Company) which, together with its subsidiaries (the "Productive Group"), for a consideration of HK\$37,387,000 (approximately to RMB34,420,000). All conditions precedent under the share sale and purchase agreement were fulfilled and the disposal was completed on 29 October 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 DISPOSAL OF SUBSIDIARIES (Continued)

(b) (Continued)

Details of the net assets disposed of are as follows:

	For the year ended 31 December 2024 Productive Group RMB'000
Consideration received or receivable:	
Cash	34,420
Carrying amounts of net liabilities disposed of	3,340
Waiver of shareholder loan	(34,420)
Gains on disposals of subsidiaries	3,340

The carrying amounts of assets and liabilities as at the date of disposal (29 October 2024) were:

	On 29 October 2024 Productive Group RMB'000
Property, plant and equipment	8,165
Inventories	24,992
Trade receivables	27,259
Other receivables	3,565
Restricted cash	10,000
Cash and cash equivalents	2,057
Deferred tax assets	295
Total assets	76,333
Bank borrowings	15,900
Trade payables	15,697
Other payables	6,209
Current income tax liabilities	1,925
Lease liabilities	5,522
Shareholder loan	34,420
Total liabilities	79,673
Net liabilities	3,340
Net cash inflow arising on disposal	
Cash consideration received	34,420
Cash and cash equivalents on disposal group	(2,057)
	32,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2025 and 2024 are set out below.

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Paid up capital	Percentage of effective interest held/controlled	
				2025 Interest held	2024 Interest held
Total United Holdings Limited*	BVI, limited liability company	Investment holding in BVI	USD1	100%	100%
Agreeable Company Limited [#]	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$1	100%	100%
Shenzhen Hengchang Sheng [#]	PRC, limited liability company	Electronic services in PRC	RMB38,692,579	100%	100%
Eternity Technology Development Limited [#]	Hong Kong, limited liability company	Sales of electronic products in Hong Kong	HK\$2	100%	100%
Huizhou City Eternity Technology Company Limited [#]	PRC, limited liability company	Electronic services in PRC	RMB58,100,000	- ^{##}	100%
Eternity Electronic Manufacturing Service GmbH [#]	Germany, limited liability company	Electronic services in Germany	EUR100,000	100%	100%
Huizhou Eternity Technology Company Limited [#]	PRC, limited liability company	Electronic services in PRC	RMB30,000,000	100%	100%
SZ Gang Hang Ke [#]	PRC, limited liability company	Satellite procurement in PRC	RMB1,000,000	100%	100%
Aspace Satellite Technology Limited [#]	Hong Kong, limited liability company	Satellite manufacturing in Hong Kong	HK\$159,910,200	51% ^{###}	51%
Hong Kong Aerospace Satellite Tracking and Control Limited [#]	Hong Kong, limited liability company	Satellite tracking and controlling in PRC and Hong Kong	HK\$10,000	100% ^{###}	100%
Hong Kong Aerospace Smart City Limited [#]	Hong Kong, limited liability company	Smart city with satellite big data applications and solutions in PRC and Hong Kong	HK\$10,000	100%	100%

* Equity interest directly held by the Company.

[#] Equity interest indirectly held by the Company.

^{##} The subsidiary was disposed during the year.

^{###} These subsidiaries were disposed of in the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 NON-CONTROLLING INTEREST

Set out below is the summarised financial information for Aspace, a subsidiary that has NCI that is material to the Group as at 31 December 2025 and 2024. The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised statement of financial position

	2025 RMB'000	2024 RMB'000
Current assets	101	1,990
Current liabilities	(312,002)	(308,630)
Net current liabilities	(311,901)	(306,640)
Non-current assets	14,221	312,716
Non-current liabilities	(55,509)	(85,237)
Net non-current (liabilities)/assets	(41,288)	227,479
Net liabilities	(353,189)	(79,161)

Summarised statement of profit or loss and other comprehensive income

	Aspace 2025 RMB'000	Aspace 2024 RMB'000
Revenue	-	-
Loss for the year	(281,915)	(137,425)
Other comprehensive income/(loss)	7,887	(715)
Total comprehensive loss	(274,028)	(138,140)
Loss allocated to NCI	(138,138)	(67,328)
Other comprehensive income/(loss) allocated to NCI	3,865	(351)
Total comprehensive loss allocated to NCI	(134,273)	(67,679)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 NON-CONTROLLING INTEREST (Continued)

Summarised statement of cash flows

	2025 RMB'000	2024 RMB'000
Cash (outflows)/inflows from operating activities	(9,536)	13,975
Cash outflows from investing activities	–	(149)
Cash inflows from financing activities	9,480	–
Net (decrease)/increase in cash and cash equivalents	(56)	13,826

35 SHARE-BASED PAYMENTS

Pursuant to the agreement dated 12 May 2023, the supplemental agreement dated 31 August 2023 and the Company's public announcement dated 18 October 2023, the Company granted share subscription rights to Macquarie Bank Limited ("Macquarie"), to subscribe the Company's shares at 95% of volume weighted average stock price on the Hong Kong Stock Exchange on transacting date with an additional 2% redemption discount on net proceed and 0.5% transaction cost per annum paid to Macquarie for the period from 18 October 2023 to 18 October 2024. The Company has the right to reject the request of share subscription if the stock price of the Company is below HK\$6.5. The total maximum shares can be subscribed by Macquarie are 61,750,000 shares. Any share subscription rights not exercised by Macquarie as of 18 October 2024 has lapsed and cease to be valid for all purposes. The ordinary shares issued from the exercise of share subscription rights shall rank pari passu in all respects with the existing issued ordinary shares of the Company. Such arrangement of share subscription rights constitutes a share-based payment, of which the fair value of the subscription rights of approximately RMB13,970,000 was charged to the Group's consolidated statement of profit or loss during the year ended 31 December 2023. The fair value of share subscription rights are determined with reference to the share price of the Company's shares as of the grant date, volatility of share price, rejection price of HK\$6.5 per share for share subscription and the maximum number of share subscription pursuant to the share subscription agreement.

During the year ended 31 December 2024, Macquarie subscribed the remaining 55,372,200 shares with the net proceeds of approximately HK\$47,232,000 (equivalent to approximately RMB43,320,000). The subscription was completed following the full exercise of the remaining subscription rights, with no outstanding subscription rights thereafter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2025 RMB'000	2024 RMB'000
Contracted but not provided for:		
Properties, plant and equipment and intangible asset	2,212	185,314

37 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2025 and 2024.

38 ASSETS PLEDGED AS SECURITIES

The carrying amounts of assets pledged as securities are:

	2025 RMB'000	2024 RMB'000
Non-current		
<i>Fixed charge</i>		
Equipment	-	9,335
Properties	1,647	2,607
Total assets pledged as securities	1,647	11,942

39 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 RELATED PARTY TRANSACTIONS (Continued)

Major related parties that had transactions and/or balances with the Group during the years ended and as at 31 December 2025 and 2024 were as follows:

Related parties	Relationship with the Company
Rich Blessing Group Limited	Controlled by a Director
Shenzhen Qianhai Yufa Technology Company Limited* (深圳市前海宇發科技有限公司)	Controlled by a Director
Vision	A related company controlled by Mr. Sun (during the year ended and as at 31 December 2025 and 2024: the ultimate holding company of the Company and controlled by Mr. Sun)
HKATH(BVI)	A related company controlled by Mr. Sun (during the year ended and as at 31 December 2024 and 2025: the immediate holding company of the Company and controlled by Mr. Sun)
Mr. Sun	Former director (resigned on 2 October 2024) and substantial shareholder of the Company
Prof. Christian Feichtinger	Director
Dr. Fabio Favata	Director

* For identification purpose only

(a) Transactions with related parties

Save as disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties during the years ended 31 December 2025 and 2024, at terms mutually agreed by both parties:

(i) Office rental and management fees paid to related companies

	2025 RMB'000	2024 RMB'000
Shenzhen Qianhai Yufa Technology Company Limited* (深圳市前海宇發科技有限公司) (Note)	817	817

(ii) Consultancy fee paid to a director

	2025 RMB'000	2024 RMB'000
Christian Feichtinger (Note)	-	322
Fabio Favata (Note)	-	322

Note: The above transactions were charged based on terms mutually agreed with the related party and in the ordinary course of business.

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management compensation

Compensation paid or payable to directors and other members of key management is shown below:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	9,684	20,279
Discretionary bonus	55	164
Pension costs — defined contribution plan	155	172
	9,894	20,615

(c) Balances with related parties

	Note	2025 RMB'000	2024 RMB'000
Amount due (to)/from Rich Blessing Group Limited	(i)	(2,717)	18
Loan from HKATH (BVI)	(i)	(25,444)	(26,567)
Loan from Vision	(i)	(65,693)	(101,015)
Rental deposit paid to Shenzhen Qianhai Yufa Technology Company Limited* (深圳市前海宇發科技有限公司)	(ii)	119	119

Notes:

- (i) Balances were unsecured, interest free and repayable on demand. Their carrying amounts approximated its fair value.
- (ii) Balance was unsecured, interest free and repayable within two years (2024: two years) from the year end. Its carrying amounts approximated its fair value.
- (iii) Prepayment was presented in the consolidated statement of financial position within "Prepayments, deposits and other receivables" (Note 18).

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 RELATED PARTY TRANSACTIONS (Continued)

(d) Personal guarantees

During the years ended 31 December 2025 and 2024, certain bank and other borrowings of the Group and the disposal group were secured by personal guarantees from a director of the Company as set out in Note 23 and 29.

(e) Undertaking from a director and related companies

Year ended 31 December 2025

On 20 March 2026, the Group obtained a letter of undertaking from Mr. Sun, a substantial shareholder of the Company, pursuant to which Mr. Sun has irrevocably undertaken to provide the Group with an unsecured and interest-free revolving loan when necessary to meet the Group's future financial obligations. The Undertaking Letter is valid and subsisting up to 31 March 2027 and any loan drawn thereunder shall be repayable on 31 March 2027.

Year ended 31 December 2024

On 17 March 2025, the Group obtained a letter of undertaking from Mr. Sun, a substantial shareholder and chief executive officer of the Company, pursuant to which Mr. Sun has irrevocably undertaken to provide the Group with an unsecured and interest-free revolving loan when necessary to meet the Group's future financial obligations. The Undertaking Letter is valid and subsisting up to 31 March 2026 and any loan drawn thereunder shall be repayable on 31 March 2026.

On the same day, the Group entered into a loan agreement with each of Vision and HKATH(BVI), pursuant to which Vision and HKATH(BVI) has agreed to provide the Company an unsecured and interest-free loan facility of HK\$200.0 million (approximately RMB187.9 million) and HK\$100.0 million (approximately RMB94.0 million), respectively. The loan facility provided by each of Vision and HKATH(BVI) is valid and subsisting up to 31 March 2026, and any loan drawn thereunder shall be repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company as at 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Assets			
Non-current asset			
Interests in subsidiaries	(c)	33,032	49,057
Current assets			
Other receivables, deposits and prepayments		956	4,431
Amounts due from subsidiaries		46,542	304,824
Cash and cash equivalents		16,668	3,322
		64,166	312,577
Total assets		97,198	361,634
Equity			
Equity attributable to equity holders of the Company			
Share capital	(b)	5,405	4,488
Share premium	(b)	592,136	533,376
Reserves	(b)	33,578	46,614
Accumulated losses	(b)	(727,811)	(451,099)
Total (deficit)/equity		(96,692)	133,379
Liabilities			
Non-current liability			
Other borrowings		–	2,819
Current liabilities			
Other payables and accruals		18,256	19,917
Bonds payable		17,208	16,274
Amounts due to subsidiaries		64,572	7,160
Other borrowings		2,717	54,503
Loans from related companies		91,137	127,582
		193,890	225,436
Total liabilities		193,890	228,255
Total equity and liabilities		97,198	361,634

The statement of financial position of the Company was approved by the Board of Directors on 30 March 2026 and was signed on its behalf.

Gu Lin
Director

Lu Huasheng
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY (Continued)

(b) Equity movement of the Company

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Share- based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	2,751	326,330	17,358	19,692	13,501	(201,632)	178,000
Comprehensive loss:							
Loss for the year	-	-	-	-	-	(249,467)	(249,467)
Other comprehensive income:							
Currency translation differences	-	-	9,564	-	-	-	9,564
Total comprehensive income/(loss)	-	-	9,564	-	-	(249,467)	(239,903)
Transactions with owners							
Issuance of ordinary shares upon placing of new shares	1,228	150,734	-	-	-	-	151,962
Issuance of ordinary shares upon conversion subscription rights	509	56,312	-	-	(13,501)	-	43,320
Total transactions with owners	1,737	207,046	-	-	(13,501)	-	195,282
At 31 December 2024	4,488	533,376	26,922	19,692	-	(451,099)	133,379
At 1 January 2025	4,488	533,376	26,922	19,692	-	(451,099)	133,379
Comprehensive loss:							
Loss for the year	-	-	-	-	-	(276,712)	(276,712)
Other comprehensive loss:							
Currency translation differences	-	-	(13,036)	-	-	-	(13,036)
Total comprehensive loss	-	-	(13,036)	-	-	(276,712)	(289,748)
Transactions with owners							
Issuance of ordinary shares upon placing of new shares	917	58,760	-	-	-	-	59,677
Total transactions with owner	917	58,760	-	-	-	-	59,677
At 31 December 2025	5,405	592,136	13,886	19,692	-	(727,811)	(96,692)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY (Continued)

(c) Interests in subsidiaries

	2025 RMB'000	2024 RMB'000
Equity investments at cost (Note (i))	–	–
Amounts due from subsidiaries (Note (ii))	33,032	49,057
	33,032	49,057

Notes:

- (i) As at 31 December 2025 and 2024, the balance represented the Company's 100% interest amounting 1 USD in Total United Holdings Limited, 100% interest amounting 1 USD in Prestige Dragon Holdings Limited, 100% interest amounting 1 USD in Supreme Class International Limited, 100% interest amounting 1 USD in Strength Kingdom Limited, 100% interest amounting 1 USD in Superior Plants Limited and 100% interest amounting 1 USD in Soar Flow Investments Limited.
- (ii) These amounts were unsecured, interest-free, with no fixed repayment terms. Settlement of these amounts were neither planned nor likely to occur the foreseeable future. As a result, these amounts were considered part of the Company's net investment in Agreeable Company Limited and Total United Holdings Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

(a) Directors' and chief executive officers' emoluments

The remuneration of each director and chief executive officers is set out below:

Name of directors and chief executive officers	Fees RMB'000	Salary RMB'000	Discretionary bonus RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to pension scheme RMB'000	Other emoluments paid or payables in respect of director's other service RMB'000	Total RMB'000
For the year ended 31 December 2025							
Executive Directors:							
— Gu Lin (Note i)	3	-	-	-	-	-	3
— Chen Youan (Note ii)	2	-	-	-	-	-	2
— Zhang Yuanqi (Note i)	3	-	-	-	-	-	3
— Ma Fujun	111	807	-	-	38	-	956
— Lu Huasheng (Note ii)	-	-	-	-	-	-	-
— Ben Amor Mohamed (Note iii)	261	-	-	-	-	-	261
— Shaikh Mohammed Maktoum Juma (Note v)	293	-	-	-	-	-	293
— Fabio Favata (Note iii)	261	-	-	-	-	-	261
Non-Executive Directors:							
— Alhamed Alanezi (Note iii)	261	-	-	-	-	-	261
— Christian Feichtinger (Note iii)	261	-	-	-	-	-	261
— Nathan Earl Whigham (Note iii)	261	-	-	-	-	-	261
Independent Non-Executive Directors:							
— Boris Tadić	332	-	-	-	-	-	332
— Yao Xinguo (Note i)	3	-	-	-	-	-	3
— Chow Yin Kwan Yvonne (Note i)	72	-	-	-	-	-	72
— Barbara Jane Ryan (Note iii)	581	-	-	-	-	-	581
— Hung Ka Hai Clement (Note iv)	167	-	-	-	-	-	167
— Marwan Jassim Sulaiman Jassim Alsarkal (Note iii)	261	-	-	-	-	-	261
— Kwok Pui Ha (Note iii)	53	-	-	-	-	-	53
Chief executive officers:							
— Guan Yibo (Note i)	-	78	-	-	-	-	78
— Sun Fengquan (Note iii)	-	1,626	-	-	14	-	1,640
	3,186	2,511	-	-	52	-	5,749

* Below RMB1,000

Notes:

- (i) appointed on 13 October 2025
- (ii) appointed on 12 November 2025
- (iii) resigned on 13 October 2025
- (iv) resigned on 1 July 2025
- (v) resigned on 18 August 2025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS (Continued)

(a) Directors' and chief executive officers' emoluments (Continued)

Name of directors and chief executive officer	Fees RMB'000	Salary RMB'000	Discretionary bonus RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to pension scheme RMB'000	Other emoluments paid or payables in respect of director's other service	Total RMB'000
						RMB'000	
For the year ended							
31 December 2024							
Executive Directors:							
— Mohamed Ben Amor (Note i)	82	—	—	—	—	—	82
— Shaikh Mohammed Maktoum Juma Al-Maktoum	332	—	—	—	—	—	332
— Fabio Favata	332	—	—	—	—	332	664
— Ma Fujun	111	828	—	—	39	—	978
— Sun Fengquan (Chief executive officer) (Note ii)	1,760	487	—	916	—	—	3,163
— Lam Lee G. (Note iii)	1,067	—	—	—	—	—	1,067
— Ku Ka Lee Clarie (Note iv)	1,410	—	—	—	—	—	1,410
Non-Executive Directors:							
— Alhamedy Mnahi F Alanezi	332	—	—	—	—	—	332
— Christian Feichtinger	332	—	—	—	—	332	664
— Nathan Earl Whigham (Note v)	213	—	—	—	—	—	213
— Guo Huadong (Note ii)	250	—	—	—	—	—	250
— Mazlan Binti Othman (Note ii)	250	—	—	—	—	—	250
— Niu Aimin (Note iii)	119	712	—	99	7	—	937
Independent Non-Executive Directors:							
— Barbara Jane Ryan	332	—	—	—	—	—	332
— Boris Tadić (Note i)	82	—	—	—	—	—	82
— Hung Ka Hai Clement	332	—	—	—	—	—	332
— Juan de Dalmau-Mommertz	—*	—	—	—	—	—	—*
— Marwan Jassim Sulaiman Jassim Alsarkal	332	—	—	—	—	—	332
— Wang Jianyu (Note ii)	250	—	—	—	—	—	250
— David Gordon Eldon (Note vi)	108	—	—	—	—	—	108
	8,026	2,027	—	1,015	46	664	11,778

* Below RMB1,000

Notes:

- (i) appointed on 2 October 2024
- (ii) resigned as an executive Director on 2 October 2024 but remains as a chief executive officer
- (iii) resigned on 10 May 2024
- (iv) retired on 25 June 2024
- (v) appointed on 10 May 2024
- (vi) resigned on 27 April 2024

During the years ended 31 December 2025 and 2024, none of the directors of the Company waived or has agreed to waive any emolument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

(Continued)

(b) Directors' retirement benefits and termination benefits

During the years ended 31 December 2025 and 2024, no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor were any payable.

(c) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2025 and 2024, no consideration was provided to third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2025 and 2024, save as disclosed elsewhere, there were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities.

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed elsewhere in the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

42 EVENTS AFTER THE REPORTING PERIOD

- a)** On 9 March 2026, the Company executed a share purchase agreement with an independent third-party purchaser for the disposal of the entire issued share capital of the Disposal Group at a total consideration of US\$2 million (equivalent to approximately RMB13.8 million). The transaction reached completion on 9 March 2026, following which each entity within the Disposal Group ceased to be a subsidiary of the Company.
- b)** On 23 March 2026, the Company completed the allotment and issuance of 160,926,000 new ordinary shares to independent third parties with net proceeds of approximately HK\$90.12 million after deduction of transaction costs. All new ordinary shares issued and allotted rank pari passu in all respects with the then existing ordinary shares of the Company in issue.

FINANCIAL SUMMARY

The following is a summary of the consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from published audit financial statements of the Group. This summary does not form part of the audited financial statements.

RESULTS

	2025 RMB'000	Year ended 31 December			
		2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000	2021 RMB'000
REVENUE	642,456	315,803	469,063	635,432	650,230
GROSS PROFIT	38,215	48,122	54,334	26,042	37,116
LOSS BEFORE INCOME TAX	(461,614)	(267,769)	(228,013)	(152,981)	(46,957)
INCOME TAX EXPENSE	(1,787)	(824)	3,918	(1,310)	(6,118)
PROFIT FROM DISCONTINUED OPERATIONS	-	3,260	1,314	-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	(325,257)	(198,005)	(211,141)	(154,290)	(53,075)
NON-CONTROLLING INTEREST	(138,144)	(67,328)	(11,640)	(1)	-

ASSETS AND LIABILITIES

	2025 RMB'000	Year ended 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS	54,961	485,676	757,790	676,426	443,870
CURRENT ASSETS	294,758	359,493	397,093	550,925	497,441
TOTAL ASSETS	349,719	845,169	1,154,883	1,227,351	941,311
NON-CURRENT LIABILITIES	125,061	187,770	215,087	358,876	107,926
CURRENT LIABILITIES	487,912	521,183	736,419	622,593	441,842
TOTAL LIABILITIES	612,973	708,953	951,506	981,469	549,768