

浙江芯化蘭德科技股份有限公司 Xinhua Lande Scitech Co., Limited*

(formerly known as 浙江升華蘭德科技股份有限公司 Shenghua Lande Scitech Limited*)

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8106)

ANNUAL REPORT
2025

* For identification purposes only



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wang Feng (*Chairman and Chief Executive Officer*)
Mr. Yu Zheng (*Vice Chairman*)
Mr. Xu Jianfeng
Ms. Wu Lihui

Independent Non-Executive Directors

Mr. Cai Jiamei
Ms. Huang Xuanzhen
Mr. Zhang Mingbo

SUPERVISORS

Mr. Song Zhiwei (*Chairman*)
Ms. Shen Xiaofen
Ms. Shen Rujia

AUTHORISED REPRESENTATIVES

Mr. Xu Jianfeng
Mr. Fork Siu Lun Tommy

COMPANY SECRETARY

Mr. Fork Siu Lun Tommy

AUDIT COMMITTEE

Ms. Huang Xuanzhen (*Chairman*)
Mr. Cai Jiamei
Mr. Zhang Mingbo

REMUNERATION COMMITTEE

Mr. Cai Jiamei (*Chairman*)
Mr. Wang Feng
Ms. Huang Xuanzhen

NOMINATION COMMITTEE

Ms. Huang Xuanzhen (*Chairman*)
Mr. Wang Feng
Mr. Cai Jiamei

REGISTERED OFFICE

No. 9 Nanhu Road
Zhongguan Town
Deqing County
Huzhou City
Zhejiang Province
The People's Republic of China (the "PRC")

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China Limited, Deqing Branch
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Wukang Town
Deqing County
Huzhou City
Zhejiang Province
The PRC

Zhejiang Deqing Rural Commercial Bank Co., Ltd.
50 Shenchangxu Street
Wukang Town
Deqing County
Huzhou City
Zhejiang Province
The PRC

STOCK CODE

8106

CHAIRMAN'S STATEMENT

I would like to present hereby on behalf of the board (the “**Board**”) of Directors the 2025 annual report of the Company and its subsidiaries (together the “**Group**”).

FINANCIAL HIGHLIGHTS

- Achieved a revenue of approximately RMB230,248,000 for the year ended 31 December 2025, representing an increase of approximately 24.43% as compared with the revenue for the year ended 31 December 2024.
- Incurred a profit attributable to owners of the Company of approximately RMB1,087,000 for the year ended 31 December 2025, as compared with the loss attributable to owners of the Company of approximately RMB6,506,000 incurred for the year ended 31 December 2024.
- For the year ended 31 December 2025, the Group's earnings per share attributable to owners of the Company was approximately RMB0.21 cents (2024: loss per share attributable to owners of the Company of RMB1.28 cents).

REVIEW OF OPERATIONS AND PROSPECTS

For the year ended 31 December 2025 (the “**Reporting Period**”), the Group successfully completed the change in its controlling shareholder and actual controller and achieved a strategic restructuring. During the Reporting Period, faced with a complex and volatile market environment and increasingly intense market competition, the Company, with the joint support of both new and existing shareholders, successfully completed a smooth transition of control and further optimized its governance structure. Meanwhile, as the Company entered the final year of the “14th Five-Year Plan” development strategy, it has always maintained strategic resolve, actively seized new opportunities in industry development, optimized business strategies, expanded its base of valued clients, and adjusted its business structure, enabling a new look and new image in terms of the overall business operation with compliance and order, and further laying a solid foundation for future high-quality development.

I. Change in Controlling Shareholder and Corporate Governance

During the Reporting Period, the Group completed the change in its controlling shareholder and actual controller. The relevant equity changes have been carried out in accordance with the disclosure, approval, and transfer procedures required by the Hong Kong Stock Exchange's GEM Listing Rules and other regulatory requirements, ensuring a smooth and orderly transition.

With the new controlling shareholder taking the helm, the Board and management of the Company have undergone corresponding optimizations and adjustments, facilitating a more refined governance structure and a more efficient decision-making mechanism. The Company has further strengthened its internal control management, risk management, and information disclosure systems, providing robust governance safeguards for the Group's strategic focus and long-term compliant development.

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II. Deeply Exploring Market Demands and Further Expanding Core Business Operations

The Group has remained committed to focusing on its core business and optimizing resource allocation. During the Reporting Period, for the trading of hardware and computer software business, the Group continuously strengthened risk management of inventory and accounts receivable, increased resource investment in response to market demand, optimized marketing strategies and sales structures, secured a core customer base, and achieved steady growth in existing business. Meanwhile, the Group actively expanded new terminal clients and system integration services, achieving dual growth in revenue and profitability. For the smart city solutions business, the Group closely aligned with domestic demands for new-generation smart city construction, strengthened its marketing system and market analysis, accelerated the integration of new technologies such as artificial intelligence, and enriched its solution product portfolio. By seizing market opportunities in digital governance and the development of “Resident Service Card” (居民服務一卡通), the Group continued to provide the platform development and value-added services of “Digital Citizen and Citizen Card Service Platform” (數字市民及市民卡服務平台) to partner cities, and also actively expanded into external markets including Jiangxi, Jiangsu, Shanghai, and Xinjiang, securing project orders through strategic partnerships.

III. Deepening Business Transformation and Development, Committed to Achieving Strategic Breakthroughs

The Group has continued to deepen the transformation and upgrading of its business, focusing on achieving new strategic breakthroughs. The H-share rights issue was completed in March 2026. The proceeds from the offering will be closely aligned with the Group’s core business strategy, with a focus on the iterative upgrading of smart city solutions, the expansion of emerging business scenarios, and the replenishment of working capital. This will provide a solid financial foundation for the implementation of strategic initiatives and support high-quality, sustainable development.

To this end, the Group will, under the premise of controllable risks, leverage its existing business and technology accumulation to accelerate the deep integration of artificial intelligence technology and the expansion of application scenarios, actively exploring new growth drivers. At the same time, the Group will optimize resource allocation, drive innovation in new businesses and products, and build an industrial ecosystem capable of sustained growth. Through the scientific and efficient use of the proceeds, the Group will continuously enhance its core competitiveness and market influence, creating long-term, stable value for shareholders.

Furthermore, the Group intends to reassess its e-commerce operation solution business and restart it at an opportune time. By aligning with industry trends and leveraging its technological strengths, the Group will explore service models tailored to market demands. Through resource optimization and model innovation, the Group aims to cultivate new growth drivers, further refine its business ecosystem, and enhance its operational sustainability and risk resilience.

Finally, on behalf of the Board and management, I would like to express my heartfelt thanks to the continued support of the business partners and customers of the Group and Shareholders and the long-term hard work of all staff members.

Wang Feng

Chairman and Chief Executive Officer

30 March 2026

Shanghai, the PRC

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

1. Review of operating results for the year

(i) Overview

The Group has been principally engaged in (i) the trading of hardware and computer software; (ii) the provision of smart city solutions; and (iii) the provision of e-commerce operation solution services (this business segment has suspended the original traditional provision of e-commerce supply chain services business and is seeking other suitable business opportunities).

There were no particular seasonal fluctuations in the Group's revenue. However, the characteristics of the provision of smart city solutions business of the Group were project based. Currently the main revenue of the business has come from specific projects and the income depended on the obtaining of project orders, contract amounts of orders obtained and progress of projects and, therefore, there would be fluctuations.

In line with industry performance, the Group's hardware and computer software sales and e-commerce trading normally had relatively low gross profit margins. With the continuous optimisation of product structure and sales strategies and the improvement of service levels, the gross profit margins would increase accordingly. On the other hand, the Group's provision of software development, technical support and various value-added services normally enjoyed relatively higher gross profit margins, which varied among different projects and/or products.

(ii) Revenue

During the Reporting Period, (i) the trading of hardware and computer software business generated revenue of approximately RMB207,765,000 (2024: RMB165,296,000), representing approximately 25.69% increase when compared to last year. During the Reporting Period, the business maintained a good momentum, with orders from major old customers increasing significantly compared with the previous year. The delivery orders also increased in the year, which contributed to a substantial increase in the revenue of the business (ii) the provision of smart city solutions business generated revenue of approximately RMB22,483,000 (2024: RMB19,747,000), representing approximately 13.86% increase when compared to last year. The business is focused on construction projects currently. Due to the differences in the contract amounts for the projects under construction and progress of the projects in each reporting year, there would be certain fluctuations in the amount of revenue recognised in the respective reporting years. The Group has been actively expanding operation services to enhance the stable income capability of the business. During the Reporting Period, the Group faced tremendous pressure due to the impact of the macroeconomic situation and the continued intensification of market competition. The Group actively expanded the customer market and improved project delivery efficiency. As a result, the business revenue achieved a certain growth compared to last year. However, due to the low base of the previous year, the revenue scale of this year is still not ideal; and (iii) the provision of e-commerce operation solution services business did not generate revenue (2024: nil). The business suspended its original traditional business and is currently looking for other suitable e-commerce service business opportunities to support the output of operation services of the provision of smart city solutions business.

During the Reporting Period, the revenue of the Group was approximately RMB230,248,000 (2024: RMB185,043,000), representing an increase of approximately RMB45,205,000, or approximately 24.43%, as compared with that of the year ended 31 December 2024.

(iii) Gross profit margin

During the Reporting Period, (i) the gross profit margin of the trading of hardware and computer software business was approximately 7.89% (2024: 8.73%). During the Reporting Period, the Group continued to implement the sales strategy for the business, improving the sales structure, increasing sales of brands and products with higher gross profit margins, controlling sales of brands and products with lower gross profit margins, and developing sales to high-quality customers with high gross profit margins to improve gross profit margin. However, due to factors such as the increase in procurement costs for some business orders and growth in orders from major customers with relatively lower gross profit margins during the Reporting Period, the overall gross profit margin of the business decreased slightly; (ii) the gross profit margin of the provision of smart city solutions business was approximately 47.79% (2024: 32.41%). The gross profit margin of the business was affected by the gross profit margins of related projects carried out during the respective reporting years, and there would be certain fluctuations. During the Reporting Period, the Group benefited from reducing the number of technical personnel responsible for the implementation of the business projects, thereby effectively reducing project cost investment. While the revenue from the business increased slightly, it achieved an increase in gross profit margin. In addition, the Group has been actively expanding operation services to enhance the stable profitability of the business; and (iii) the provision of e-commerce operation solution services business did not generate revenue and gross profit (2024: nil). The business suspended its original traditional business and is seeking other suitable business opportunities.

The gross profit margin of the Group for the year ended 31 December 2025 was approximately 11.79% (2024: 11.26%).

(iv) Profit for the year attributable to owners of the Company

During the Reporting Period, (i) the trading of hardware and computer software business reported a segment profit of approximately RMB9,839,000 (2024: RMB8,824,000). During the Reporting Period, the Group's revenue from hardware and computer software sales significantly increased compared with last year. However, the increase in segment profit has not kept pace with the revenue growth as the segment overall gross profit margin has fallen slightly; (ii) the provision of smart city solutions business reported a segment loss of approximately RMB1,579,000 (2024: RMB9,637,000). During the Reporting Period, the Group's revenue from the provision of smart city solutions business achieved steady growth, while the segment loss decreased significantly. This was primarily attributable to the Group's optimisation of staffing arrangements and reduction in the number of project implementation technical staff, which effectively lowered project costs, reduced research and development expenses and improved the gross profit margin, thereby significantly narrowing the loss; and (iii) the provision of e-commerce operation solution services business suspended its original traditional business and did not record segment results (2024: nil).

For the year ended 31 December 2025, the net unallocated expenses of the Group were approximately RMB4,817,000 (2024: RMB5,351,000), including the net unallocated other operating (expenses) income, gains or losses. For the year ended 31 December 2024, the net unallocated expenses of the Group included an impairment loss of loan receivable of approximately RMB1,594,000. The loan receivable represented a loan advanced by the Group to Zhejiang Dianshi Technology Co., Ltd.* (浙江典石科技有限公司) (“**Zhejiang Dianshi**”), its former subsidiary, with a gross amount of RMB11,000,000. The loan was granted previously by the Group to Zhejiang Dianshi in 2021, when Zhejiang Dianshi and its subsidiaries (together referred to as the “**Disposal Group**”) was held by the Group, for the Disposal Group’s ordinary working capital purposes, and was not settled after the completion (the “**Completion**”) of the disposal (the “**Disposal**”) of all of the Group’s equity interests in Zhejiang Dianshi in 2022. Since Zhejiang Dianshi ceased to be a subsidiary of the Group after the Completion, the loan was constituted as a financial assistance to an independent third party. Details of the loan were set out in the announcement and circular of the Company dated 6 September 2022 and 25 November 2022, respectively. At the end of the reporting year, in accordance with IFRSs and the accounting policies of the Group, adhering to the principle of prudence, the Group conducted an impairment test on the loan receivable with reference to the results of an external assessment. ECL model using the credit risk methodology has been adopted for estimating the impairment loss of loan receivable. The Group measured the impairment loss allowance for the loan receivable at an amount equal to lifetime ECL of approximately RMB11,000,000 as at 31 December 2024, as it has a significant increase in credit risk since initial recognition. Further information on the loan receivable and provision of ECL for loan receivable was set out in the notes to the consolidated financial statements. No such impairment loss of loan receivable was reported for the year ended 31 December 2025.

As a result of the cumulative effect of the principal factors described above, for the year ended 31 December 2025, the Group reported a profit and earnings per share attributable to owners of the Company of approximately RMB1,087,000 (2024: loss attributable to owners of the Company of approximately RMB6,506,000) and RMB0.21 cents (2024: loss per share attributable to owners of the Company of RMB1.28 cents), respectively.

2. Business and product development

During the Reporting Period, the Group (i) performed well on the prevention and control of inventory and trade receivable risks in the trading of hardware and computer software business, focused internal resources, continuously implemented the market strategy and improved sales structure, maintained the key customer groups, developed new end customers, increased the proportion of end customer sales revenue with higher gross profit margin and actively expanded the system integration services business inside and outside the province. The revenue volume of the business segment has grown significantly and achieved good results; (ii) actively grasped the opportunities of domestic smart cities construction and development in the provision of smart city solutions business, strengthened the construction of the marketing system, seized market opportunities such as the domestic promotion of “digital governance (數字治理)”, accelerated construction of “digital government (數字政府)” and promoted the development of the “Resident Service Card* (居民服務一卡通)”, continued to provide software system development services and value-added services for the “Digital Citizen and Citizen Card Service Platform* (數字市民及市民卡服務平台)” in local cities where good relationships with customers have been maintained, and strived to open up new customers and new market demands. During the year, the business actively explored new markets outside the province such as Jiangxi Province and Jiangsu Province, conducted market research and analysis, sought to leverage cooperation for development, focused on cooperation and innovation, and jointly promoted the development of markets outside the province to secure more service contracts and orders, while actively consolidating the development and delivery of projects for existing customers inside and outside Zhejiang Province. The business also leveraged the innovative application of technologies such as AIoT and big data, especially the integrated application of artificial intelligence technology, to conduct beneficial exploration and empower business development. It expanded product directions around eight key areas of the business, including smart unions, smart parks, smart elderly care, smart communities and smart party building, and researched smart city solution services that met new market demands and new solution services in other sub-segments; and (iii) suspended the operation of the original traditional provision of e-commerce supply chain services business in the provision of e-commerce operation solution services business, and sought new business opportunities that would generate revenue for the Group. However, no substantial progress was made.

3. Business investments and cooperation

During the Reporting Period, the Company had established two subsidiaries for business expansion, and the Group did not hold any material business investments and collaborations.

The Group will continue to seek investment and cooperation opportunities that align with its core business, and will pursue potential high-quality target businesses and assets that can bring synergies to the Group.

During the Reporting Period, the Group also maintained good strategic cooperative relationships with hardware and computer software manufacturers, local citizen card management companies, e-commerce platforms and other industry partners to jointly promote market expansion, technological innovation and scenario implementation, laying a foundation for the Group’s long-term sustainable development.

4. Principal risks and uncertainties

The Group has been operating in the domestic information and trading markets in the PRC. There was market uncertainty on whether the PRC economy growth will persist in the coming years. The Group's financial performance may be adversely affected if the domestic consumer market downturn occurred and the competition in the market continued to be intensified. The Group endeavoured to develop and transform its business towards mobile Internet industry application and services, aiming to diversify the risk of over reliance on one single business segment or product and cultivate new business and new products with more market competitiveness in order to replace the traditional uncompetitive business.

Other risks and uncertainties were set out in the notes to the consolidated financial statements.

5. Employees information

As at 31 December 2025, the Group had 76 (2024: 83) employees in total. The staff costs of the Group for the reporting year amounted to approximately RMB19,577,000 (2024: RMB20,716,000).

The Group's human resources management strategy was formulated in accordance with the Group's development strategy as guideline on the one hand and with the goals stipulated in the long-term vision planning as direction on the other. At the same time, incentive schemes have been linked with other aspects of human resources management and promoted each other. The Group opened wide for recruitment channels, set up mechanisms for attracting talents, focused on practical talent development and formulated a good system in people deployment and incubation. The Group implemented a salary management system which linked up staff performance appraisal with a compensation system. Salary was fixed and released in accordance with performance appraisal results. After a total assessment of an employee's job performance, capability and work attitude, a comprehensive evaluation could be established for the employee which would be used as referencing standard. Through the integration of the two systems, the employees were effectively motivated, and at the same time, it would also be conducive to the successful completion of the Group's goals.

The Group attached great importance to staff development and ability enhancement and provided them with a variety of quality and skill training opportunities. In this way, employees would be more suitable for the Group's job requirements, and, at the same time, they would be fully developed in their careers.

The Group did not have any share option scheme or bonus plan.

6. Environmental protection

The Group's business did not involve any direct and greenhouse gas emissions and environmental pollution. The key environmental impacts from the Group's operations mainly related to energy and paper consumption. To achieve environmental protection, the Group encouraged its employees to reduce electricity, paper and other resources consumption throughout all its operations. Moreover, some of the business products provided by the Group would help to improve social management efficiency and save electricity, paper and other resources consumption.

7. Compliance

During the year, the Group has complied with all relevant laws and regulations and has obtained all permits and business licences from various governmental authorities necessary to carry on its businesses.

REVIEW OF FINANCIAL PERFORMANCE AND POSITIONS

1. Financial performance

- For the year ended 31 December 2025, the Group's revenue amounted to approximately RMB230,248,000 (2024: RMB185,043,000).
- For the year ended 31 December 2025, the Group's gross profit margin was approximately 11.79% (2024: 11.26%).
- For the year ended 31 December 2025, the Group had a profit attributable to owners of the Company of approximately RMB1,087,000 (2024: loss attributable to owners of the Company of approximately RMB6,506,000).
- For the year ended 31 December 2025, the Group's earnings per share attributable to owners of the Company was approximately RMB0.21 cents (2024: loss per share attributable to owners of the Company of RMB1.28 cents).

2. Financial positions

- The Group maintained creditable financial conditions. For the year ended 31 December 2025, the Group's operations were mainly financed by proceeds generated from daily operations, other internal resources and bank borrowings.
- As at 31 December 2025, the Group had right-of-use assets of approximately RMB554,000 (2024: nil). The significant increase in the Group's right-of-use assets during the Reporting Period was attributable to new leasing of office premises.
- As at 31 December 2025, the Group had inventories of approximately RMB13,427,000 (2024: RMB6,146,000). The significant increase in the Group's inventories during the Reporting Period was attributable to the increase in inventories of computer software and hardware under the trading of hardware and computer software business segment.
- As at 31 December 2025, the Group had contract assets of approximately RMB1,510,000 (2024: RMB2,580,000). The significant decrease in the Group's contract assets during the Reporting Period was attributable to the decrease in contract assets recognised under the provision of smart city solutions business segment.
- As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB25,234,000 (2024: RMB15,594,000). The cash and cash equivalents to total assets and net asset ratios as at 31 December 2025 were approximately 21.23% (2024: 14.16%) and 51.64% (2024: 32.67%), respectively.
- As at 31 December 2025, the Group had contract liabilities of approximately RMB2,990,000 (2024: RMB351,000). The significant increase in the Group's contract liabilities during the Reporting Period was mainly attributable to the increase in advance payments from customers under the provision of smart city solutions business segment.
- As at 31 December 2025, the Group had bank borrowings of approximately RMB34,508,000 (2024: RMB28,828,000). during the Reporting Period, the Group increased bank borrowings to financing the Group's operations.

- As at 31 December 2025, the Group had total lease liabilities of approximately RMB521,000 (2024: nil). The significant increase in the Group's total lease liabilities during the Reporting Period was attributable to new leasing of office premises.
- As at 31 December 2025, the Group had total assets of approximately RMB118,865,000 (2024: RMB110,144,000).
- As at 31 December 2025, the Group had total liabilities of approximately RMB69,997,000 (2024: RMB62,409,000).
- As at 31 December 2025, the Group had current assets of approximately RMB116,714,000 (2024: RMB107,933,000).
- As at 31 December 2025, the Group had current liabilities of approximately RMB69,670,000 (2024: RMB62,409,000).
- As at 31 December 2025, the Group had non-current liabilities of approximately RMB327,000 (2024: nil).
- As at 31 December 2025, the Group had total equity of approximately RMB48,868,000 (2024: RMB47,735,000).
- As at 31 December 2025, the Group had a gearing ratio (i.e. the ratio of total liabilities to total assets) of approximately 58.89% (2024: 56.66%).
- As at 31 December 2025, the Group had a current ratio (i.e. the ratio of current assets to current liabilities) of approximately 1.68 (2024: 1.73).
- The Group's exposure to foreign currency risk related principally to its bank balances, trade and bills receivables, other receivables and trade and other payables denominated in foreign currencies other than the functional currency of the relevant group entity. The Group currently does not have a foreign currency hedging policy. However, the Directors have continuously monitored the related foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.
- As at 31 December 2025, the Group's bills receivable amounting to approximately RMB24,508,000 (2024: RMB18,828,000) were pledged to secure banking borrowings of approximately RMB24,508,000 (2024: RMB18,828,000).

CONTINGENT LIABILITIES

As at 31 December 2025, the Group has no material contingent liabilities (2024: nil).

CAPITAL STRUCTURE

There were no changes in the Company's capital structure during each of the two years ended 31 December 2025. The registered capital of the Company was RMB50,654,617, comprising 244,421,170 domestic shares (the "**Domestic Shares**") of the Company of nominal value of RMB0.10 each and 262,125,000 H shares of the Company of nominal value of RMB0.10 each, as at 31 December 2025 and 2024. Subsequent to the Reporting Period, the Company issued 52,275,000 new H Shares under general mandate on 11 March 2026¹. Please refer to the section headed "Events after the Reporting Period" for details.

Note:

- (1) As at the date of this annual report, the Company has submitted the filing materials to the China Securities Regulatory Commission (the "**CSRC**") and the filing process is currently under review. The Company will make further announcement(s) regarding the progress of the CSRC filing as and when appropriate.

CHANGE OF CONTROL OF THE COMPANY

1. Transfer of Domestic Shares

On 25 July 2025, Zhejiang Shenghua Holdings Group Company Limited* (浙江升華控股集團有限公司) (“**Zhejiang Shenghua**”) and Shanghai Xinyun Zhilian Data Technology Co., Ltd.* (上海芯雲智聯數據科技有限公司) (“**Xinyun Zhilian**”) entered into the Domestic Shares sale and purchase agreement (the “**Domestic Shares Sale and Purchase Agreement**”), pursuant to which Zhejiang Shenghua agreed to sell, and Xinyun Zhilian agreed to acquire 193,316,930 Domestic Shares, representing approximately 38.16% of the total issued shares (the “**Shares**”) of the Company as at the date of the joint announcement jointly issued by the Offerors (as defined below) and the Company dated 25 July 2025 (the “**Rule 3.5 Announcement**”) regarding the Offers (as defined below). The Domestic Shares Sale and Purchase Agreement was completed on 28 July 2025. Details of the Domestic Shares Sale and Purchase Agreement and completion of which were set out in the Rule 3.5 Announcement and joint announcement jointly issued by the Offerors and the Company dated 29 July 2025, respectively.

2. Transfer of H Shares

On 25 July 2025, Rise Sea Limited (“**Rise Sea**”) and Visionary Technology Investment Limited (“**Visionary Technology**”) entered into the H Shares sale and purchase agreement (the “**H Shares Sale and Purchase Agreement**”), pursuant to which Rise Sea agreed to sell, and Visionary Technology agreed to acquire 65,022,000 H Shares, representing approximately 12.84% of the total issued Shares as at the date of the Rule 3.5 Announcement. The H Shares Sale and Purchase Agreement was completed on 31 July 2025. Details of the H Shares Sale and Purchase Agreement and completion of which were set out in the Rule 3.5 Announcement and joint announcement jointly issued by the Offerors and the Company dated 31 July 2025, respectively.

3. Acting in concert agreement

By virtue of the acting in concert agreement (the “**Acting in Concert Agreement**”) dated 25 July 2025 entered into by Shanghai Chemcloud Data Technology Co., Ltd.* (上海芯化和雲數據科技有限公司) (“**Shanghai Chemcloud**”, whereas Xinyun Zhilian and Chemcloud (HK) Data Technology Limited (“**Chemcloud (HK)**”) are wholly-owned subsidiaries of Shanghai Chemcloud) and Visionary Technology, Shanghai Chemcloud, Xinyun Zhilian, Chemcloud (HK) and Visionary Technology are parties acting in concert.

4. Mandatory unconditional cash offers

Upon the completion of the Domestic Shares Sale and Purchase Agreement and H Shares Sale and Purchase Agreement, the Offerors and parties acting in concert with each of them are interested in a total of 193,316,930 Domestic Shares and 65,022,000 H Shares, representing an aggregate of approximately 51.00% of the total issued Shares as at the date of the Rule 3.5 Announcement. Pursuant to Rule 26.1 of the Code on Takeovers and Mergers in Hong Kong, Xinyun Zhilian and Chemcloud (HK) (the “**Offerors**”) had made a mandatory unconditional general offer (the “**Offers**”) in cash for all the issued Shares, including Domestic Shares (the “**Domestic Share Offer**”) and H Shares (the “**H Share Offer**”), not already owned or agreed to be acquired by the Offerors and Visionary Technology on 5 September 2025. The Offers closed on 26 September 2025 (the “**Offers Completion Date**”) and (i) Xinyun Zhilian had not received any valid acceptances in respect of any Domestic Shares under the Domestic Share Offer; and (ii) Chemcloud (HK) had received valid acceptances in respect of 70,000 H Shares under the H Share Offer. Details of the Offers and the completion of which were set out in the Rule 3.5 Announcement, joint announcements and composite document (the “**Composite Document**”) jointly issued by the Offerors and the Company dated 29 July 2025, 31 July 2025, 15 August 2025, 5 September 2025, and 26 September 2025, respectively.

5. Change of controlling Shareholders

As at the Offers Completion Date, Zhejiang Shenghua did not hold any Shares and Rise Sea directly holds 52,578,000 H Shares, representing approximately 10.38% of the total issued Shares. As such, Zhejiang Shenghua and Rise Sea were not a group of controlling Shareholders.

As at the Offers Completion Date, the Offerors and parties acting in concert with each of them are interested in a total of 193,316,930 Domestic Shares and 65,092,000 H Shares, representing an aggregate of approximately 51.01% of the total issued Shares, and are a group of controlling Shareholders.

Set out below is the shareholding structure of the Company as at the Offers Completion Date:

Shareholders	Number of Shares held	Percentage of beneficial interests in the Company's share capital
Domestic Shares		
Xinyun Zhilian	193,316,930	38.16%
Other Domestic Shareholders	51,104,240	10.09%
H Shares		
Visionary Technology	65,022,000	12.84%
Chemcloud (HK)	70,000	0.01%
Other H Shareholders	197,033,000	38.90%
Total issued Shares held by the Offerors and parties acting in concert with each of them	258,408,930	51.01%
Total issued Shares	506,546,170	100.00%

CHANGE OF COMPANY NAME

Pursuant to a special resolution (the “**Change Name Special Resolution**”) passed by the Shareholders at their extraordinary general meeting held on 15 December 2025, the change of the Chinese name of the Company from “浙江升華蘭德科技股份有限公司” to “浙江芯化蘭德科技股份有限公司” and the English name of the Company from “Shenghua Lande Scitech Limited” to “Xinhua Lande Scitech Co., Limited”, which was proposed by the Board to reflect the change of control of the Company (as described in the sub-section headed “Change of Control of the Company” above), was approved by the Shareholders.

Subsequent to the Change Name Special Resolution, the registration of the change of the Company's Chinese name from “浙江升華蘭德科技股份有限公司” to “浙江芯化蘭德科技股份有限公司” was approved, and the new business license bearing the Company's new Chinese name was issued by Zhejiang Provincial Market Supervision and Administration Bureau* (浙江省市場監督管理局) on 18 December 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 6 January 2026 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).

EVENTS AFTER THE REPORTING PERIOD

Save as (i) the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 6 January 2026, confirming that the Company's new English and Chinese names have been registered under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as described in the sub-section headed "Change of Company Name" above); and (ii) the subscription and issuance of 52,275,000 new H Shares under the general mandate, details of which were set out in the announcements of the Company dated 11 February 2026, 12 February 2026, 25 February 2026 and 11 March 2026, neither the Group nor the Company had any significant events subsequent to the Reporting Period and up to the date of this annual report.

FUTURE PROSPECTS

1. Orders in hand/status in sales contract

During the Reporting Period, the Group's trading of hardware and computer software business maintained close cooperation with well-known hardware and software vendors in the industry, concentrated resources to maintain existing computer hardware sales services and system integration services and also encouraged the development of new customers, achieving certain results and improvement in customer concentration year-on-year, laying a solid foundation for the stable development of the business. However, due to the limited resources of the Group, it is needed to focus on the sustainability of order growth from major existing customers. The construction service contracts of the Group's provision of smart city solutions business were being implemented in many places in and outside Zhejiang Province as planned, and the Group has established good cooperative relationships with customers in the various municipalities and explored customer needs, providing construction and renovation and upgrading services for smart city solution products such as the "Digital Citizen and Citizen Card Service Platform* (數字市民及市民卡服務平台)", "Resident Service Card* (居民服務一卡通)" and "One-stop City* (一碼通城)", etc. At the same time, business contracts and orders in many other cities in provinces such as Jiangxi Province and Jiangsu Province in China were procured by way of strategic cooperation and other means. During the Reporting Period, some progress was made in the new customer market, but the ideal business order volume has not yet been achieved. The Group will continue to deepen its market penetration in order to deepen the cooperation intention with potential customers and lay a solid foundation for the subsequent generation of new contracts and orders. The Group's provision of e-commerce operation solution services business is looking for other suitable business opportunities to increase revenue.

2. Prospects of new business and products

During the Reporting Period, the Group continued to deepen its business transformation and strive for strategic breakthroughs. The Group completed the H Share top-up issuance in March 2026. The proceeds raised from the top-up issuance will be utilised in close alignment with the strategic direction of the Group's principal business activities, focusing on the upgrade of smart city-related solutions, the expansion into new business scenarios and the replenishment of working capital, and will thus provide solid financial support for the Group's strategic implementation and contribute to high-quality, sustainable development. Building on this foundation, while maintaining overall risk control, the Group will leverage its existing business and technological strengths to actively integrate artificial intelligence technology, explore diverse application scenarios, continuously discover new business opportunities, consolidate and optimise resource allocation, promote innovation in new businesses and products and build a sustainable business ecosystem. By deploying the raised funds precisely, the Group aims to further enhance its core competitiveness and expand its market influence, thereby creating greater value for its Shareholders.

The Group will closely follow the general trend of the national strategy to popularise artificial intelligence applications. Using the proceeds from this top-up issuance as significant support, the Group will fully apply artificial intelligence technology to empower product iteration and capability enhancement, and increase strategic investment in the “To B” end customer base within the smart city solutions business, thereby substantially strengthening its core competitiveness and market influence. Specifically, the Group will focus on enhancing customer operational capabilities in this business, improving the customer service system and optimising customer engagement and maintenance mechanisms to provide comprehensive and professional support for existing and new domestic and overseas corporate clients across more projects, thereby deepening customer stickiness. Meanwhile, the Group will make appropriate use of the raised funds to continuously optimise solutions and enhance product intelligence based on artificial intelligence technology, expand project operations and data analysis teams, recruit professional talent and strengthen team structure. This will further enhance the Group’s service capabilities, response efficiency, and project delivery quality in the smart city solutions sector, thereby exploring more business opportunities, expanding market space and achieving deep integration of the raised funds with the principal business.

Furthermore, the Group will actively advance its hardware and computer software sales business by optimising and expanding its overseas market strategy and sales structure, increasing new brand collaborations and enhancing system integration capabilities to identify diverse demands from more potential high-quality customers and boost business growth. Simultaneously, the Group will strengthen internal business synergies, refine profit-sharing mechanisms and incentivise teams to leverage the smart city solutions business to seek complementary service opportunities, thereby utilising the raised funds to promote business synergy and optimise the Group’s business layout.

In addition, the Group plans to reassess and attempt to restart its e-commerce operation solutions business. By combining industry development trends with its own technological advantages, the Group will explore service models that meet market demands. Through resource allocation and model innovation, we aim to cultivate new business growth points, further enrich the Group’s business ecosystem and enhance its resilience to risks.

By order of the Board

Wang Feng

Chairman and Chief Executive Officer

30 March 2026

Shanghai, the PRC

* *For identification purposes only*

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wang Feng (王鋒), aged 60, is the chairman (the “**Chairman**”) and chief executive officer (the “**Chief Executive Officer**”) of the Company. Mr. Wang is a senior accountant, graduated from Nanjing Institute of Grain Economics* (南京糧食經濟學院) (currently known as Nanjing University of Finance & Economics (南京財經大學)) with a bachelor’s degree in economics in July 1988 majoring in accounting. From December 2003 to November 2019, Mr. Wang served various positions including as the audit department manager, finance manager, chief financial officer and vice president of Shenghua Group Holdings Co., Ltd.* (升華集團控股有限公司) (“**Shenghua Group Holdings**”). From June 2011 to May 2017, Mr. Wang served as a supervisor of Zhejiang Shenghua Biok Biology Co., Ltd.* (浙江升華拜克生物股份有限公司) (currently known as Zhejiang Hengtong Holding Co., Ltd.* (浙江亨通控股股份有限公司)) (“**Shenghua Biok Biology**”), a company listed on the Shanghai Stock Exchange (stock code: 600226). From July 2015 to November 2019, Mr. Wang served as a director and vice president of Zhejiang Shenghua Holdings Group Company Limited* (浙江升華控股集團有限公司) (“**Zhejiang Shenghua**”). From December 2019 to present, Mr. Wang has been serving as the chairman of Huzhou Shenghua Financial Services Co., Ltd.* (湖州升華金融服務有限公司) (“**Shenghua Financial Services**”). Mr. Wang has extensive experience in corporate management in the PRC. Mr. Wang joined the Company since April 2022 and has been appointed as an executive Director of the current Board since June 2023.

Mr. Yu Zheng (余錚), aged 37, is the vice chairman (the “**Vice Chairman**”) of the Company. Mr. Yu is also a director of Xinhua Lande (Shanghai) New Material Co., Ltd.* (芯化蘭德(上海)新材料有限公司), a wholly-owned subsidiary of the Company. Mr. Yu graduated from Anhui University in June 2013 with a master’s degree in applied chemistry. Mr. Yu worked in Shanghai Ruizhi Chemical Co., Ltd.* (上海睿智化學有限公司) to handle gene drug research and development from July 2013 to September 2014. Mr. Yu served as the vice president in Shanghai Muku Data Technology Co., Ltd. (Molbase Group)* (上海摩庫資料技術有限公司(摩貝集團)) from October 2014 to October 2020, during which he was fully in charge of the establishment of the product R&D system, the expansion of the sales network and the digital operations. He played a pivotal role in propelling Molbase.com (摩貝網) to become the first Chinese chemical e-commerce platform listed on the U.S. stock market. Since December 2020, Mr. Yu has been the co-founder and chief operating officer of Shanghai Chemcloud. He is responsible for the overall planning of the platform’s technical architecture, research and development, sales systems and business operations, and leads the strategic implementation, resource coordination and integration of the Chemcloud platform. Mr. Yu joined the Company and has been appointed as an executive Director of the current Board since December 2025.

Mr. Xu Jianfeng (徐劍鋒), aged 39, is the secretary of the Board and authorised representative (the “**Authorised Representative**”) of the Company. Mr. Xu is also a director of Hangzhou Increator Smart Union Technology Co., Ltd.* (杭州創建智工科技有限公司), a wholly-owned subsidiary of the Company. Mr. Xu graduated from Jiangxi University of Finance and Economics (江西財經大學) majoring in tourism management and finance (second degree) in July 2009 and obtained a bachelor’s degree in management and a bachelor’s degree in economics. From July 2009 to May 2017, Mr. Xu served as the secretary to the president (總裁秘書) of Shenghua Group Holdings. Mr. Xu joined the Company since May 2017 and has been appointed as an executive Director of the current Board since June 2023.

Ms. Wu Lihui (吳麗輝), aged 40, is the finance manager of the Company. Ms. Wu graduated from Zhejiang Forestry University* (浙江林學院) (currently known as Zhejiang A&F University (浙江農林大學)) in June 2008 and obtained a bachelor's degree in management majoring in accounting. Ms. Wu holds the title of intermediate accountant and tax accountant qualification in the PRC. From March 2009 to May 2014, Ms. Wu worked as a tax auditor of Shenghua Biok Biology. From June 2014 to November 2016, Ms. Wu worked as an accountant of Zhejiang Shenghua Asset Management Co., Ltd.* (浙江升華資產經營有限公司). From December 2016 to September 2019, Ms. Wu worked as the finance manager of Huzhou Xintianwai Green Packet Printing Co., Ltd.* (湖州新天外綠包印刷有限公司). From October 2019 to December 2021, Ms. Wu worked in financial management at Zhejiang Shenghua Defeng Investment Co., Ltd.* (浙江升華德豐投資有限公司). From December 2021 to June 2025, Ms. Wu worked as a finance manager of Shenghua Financial Services. Ms. Wu joined the Company since November 2023 and has been appointed as an executive Director of the current Board since June 2024.

Independent Non-Executive Directors

Mr. Cai Jiamei (蔡家楣), aged 79, is the chairman of the remuneration committee (the “**Remuneration Committee**”) of the Company. Mr. Cai graduated from the Physics Department of Fudan University (復旦大學) majoring in semiconductor in August 1970. Mr. Cai was appointed as the dean of the College of Information Engineering* (信息工程學院) (from October 2000 to August 2004), the College of Software* (軟件學院) (from April 2002 to May 2006) and the College of Software Vocational Skills* (軟件職業技術學院) (from April 2002 to May 2006) of Zhejiang University of Technology (浙江工業大學). Mr. Cai was elected as the chairman of the second and third session of the council of Zhejiang Software Industry Association* (浙江省軟件行業協會) in 2008 and 2012, respectively. From May 2010 to January 2015, Mr. Cai was appointed as an independent non-executive director of Hangzhou New Century Information Technology Co., Ltd.* (杭州新世紀信息技術股份有限公司) (currently known as Hangzhou Liaison Interactive Information Technology Co., Ltd.* (杭州聯絡互動信息技術股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002280). From August 2011 to August 2017, Mr. Cai was appointed as an independent non-executive director of B-Soft Company Limited* (創業軟件股份有限公司) (currently known as B-Soft Co., Ltd.* (創業慧康科技股份有限公司) (“**B-Soft**”)), a company listed on the Shenzhen Stock Exchange (stock code: 300451). From July 2013 to January 2020, he was appointed as an independent non-executive director of Sunwave Telecommunication Company Limited* (三維通信股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002115). From January 2014 to January 2019, he was appointed as an independent non-executive director of Hangzhou Xianlin Sanwei Technology Company Limited* (杭州市先臨三維科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 830978). From June 2018 to July 2024, he was appointed as an independent non-executive director of Xihu Zhongbao Co., Ltd.* (新湖中寶股份有限公司) (currently known as Quzhou Xin'an Development Co., Ltd.* (衢州信安發展股份有限公司) (“**Quzhou Development**”)), a company listed on the Shanghai Stock Exchange (stock code: 600208). Since October 2020, he has been appointed as an independent non-executive director of B-Soft. Since May 2021, Mr. Cai has been appointed as an independent non-executive director of Insigma Technology Co., Ltd.* (浙大網新科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600797). From July 2024 to December 2025, he was appointed as a supervisor of Quzhou Development. Since December 2024, Mr. Cai has been appointed as an independent non-executive director of Zhejiang Jiezhong Technology Co., Ltd.* (浙江捷眾科技股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 873690). Mr. Cai joined the Company since May 2017 and has been appointed as an independent non-executive Director of the current Board since June 2023.

Ms. Huang Xuanzhen (黃軒珍), aged 67, is the chairman of the audit committee (the **“Audit Committee”**) and nomination committee (the **“Nomination Committee”**) of the Company. Ms. Huang completed a professional course from Zhejiang Radio and TV University* (浙江廣播電視大學) (currently known as Zhejian Open University (浙江開放大學)) in business accounting in July 1986. She was recognised as a certified accountant by Zhejiang Institute of Certified Public Accountants in December 1996. She is also a senior accountant. Ms. Huang has more than 30 years of experience in the field of accounting. Since December 1999 to present, she has served at Deqing Tianqin Certified Public Accountants Co., Ltd.* (德清天勤會計師事務所有限責任公司) successively as the deputy chief accountant and chief accountant. She has also been a director of Deqing Tianqin Tax Accountant Firm Co., Ltd.* (德清天勤稅務師事務所有限公司) and Huzhou Tianqin Financial Management Consulting Co., Ltd.* (湖州天勤財務管理諮詢有限公司) from July 2012 and November 2015 to present, respectively. Ms. Huang has been an independent non-executive director of Zhejiang HSD Industrial Co., Ltd.* (浙江華盛達實業集團股份有限公司) (currently known as Gansu Gangtai Holding (Group) Co., Ltd.* (甘肅剛泰控股(集團)股份有限公司)), a company listed on the Shanghai Stock Exchange up to March 2021 (former stock code: 600687) from October 2003 to May 2008, an independent non-executive director of Zhejiang Top Medicine Co., Ltd.* (浙江拓普藥業股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 837631) from April 2010 to June 2015, an independent non-executive director of Zhejiang Jolly Pharmaceutical Co., Ltd.* (浙江佐力藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300181) from April 2011 to January 2017, an independent non-executive director of Shenghua Biok Biology from May 2014 to May 2017, an independent non-executive director of Zhejiang Three Stars New Materials Co., Ltd.* (浙江三星新材股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603578) from August 2018 to October 2023, an independent non-executive director of Zhejiang Sorfa Life Science Research Co., Ltd.* (浙江碩華生命科學研究股份有限公司), a company listed on the National Equities Exchange and Quotations up to November 2020 (former stock code: 838540) from December 2020 to May 2025. Ms. Huang joined the Company and has been appointed as an independent non-executive Director of the current Board since June 2023.

Mr. Zhang Mingbo (張明波), aged 34, obtained a Bachelor of Laws in Border Control Management from Qingdao University in June 2015 and a Master of Laws in Procedural Law from Qingdao University in June 2018. From June 2018 to December 2023, he worked in Beijing DHH (Qingdao) Law Firm* (北京德和衡(青島)律師事務所), holding positions of qualified solicitor and joint partner. Since December 2023, he has been with Beijing DHH (Shanghai) Law Firm* (北京德和衡(上海)律師事務所) as a joint partner, a member of the Committee on Domestic IPO & Refinancing (境內IPO及再融資專業委員會) and the Committee on M&A & Restructuring of Listed Companies (境內上市公司併購重組專業委員會). He has completed multiple IPO projects acting as the authorised representative or on-site manager. Mr. Zhang currently serves as a joint partner at Beijing DHH (Shanghai) Law Firm* (北京德和衡(上海)律師事務所). Mr. Zhang joined the Company and has been appointed as an independent non-executive Director of the current Board since December 2025.

SUPERVISORS

Shareholder Representative Supervisors

Mr. Song Zhiwei (宋志偉), aged 40, is the chairman of the supervisory committee (the **“Supervisory Committee”**) of the Company. Mr. Song graduated from Zhejiang Gongshang University (浙江工商大學) with a bachelor's degree in economics in July 2009 majoring in finance. From July 2009 to January 2016, Mr. Song served as the customer manager and credit review supervisor of Deqing Shenghua Microfinance Co., Ltd.* (德清升華小額貸款股份有限公司). From February 2016 to August 2018, Mr. Song served as a project manager of Zhejiang Shenghua Internet Financial Information Service Co., Ltd.* (浙江升華互聯網金融信息服務有限公司). From October 2018 to January 2019, Mr. Song worked at the investment department of Zhejiang Oushiman Group Co., Ltd.* (浙江歐詩漫集團有限公司). Mr. Song has served successively as the investment specialist, assistant to general manager and general manager of the strategic investment department of Zhejiang Shenghua since February 2019,. Mr. Song joined the Company since May 2022 and has been appointed as a Supervisor of the current Supervisory Committee since June 2023.

Ms. Shen Xiaofen (沈小芬), aged 54, completed the specialist study at The Broadcast and Television University of China* (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) majoring in professional accounting in January 2008. From January 1999 to August 2009, Ms. Shen Xiaofen served successively as the staff and deputy manager of the finance department of Shenghua Biok Biology. From August 2009 to July 2017, Ms. Shen Xiaofen was the cost manager of the finance department of Zhejiang Yunda Wind Power Co., Ltd.* (浙江運達風電股份有限公司). Since July 2017 and July 2020, Ms. Shen has served as the deputy general manager and general manager, respectively, of the audit and compliance department of Shenghua Group Holdings. From March 2022 to March 2023, Ms. Shen was the assistant to the president of Zhejiang Shenghua. From December 2023 to June 2025, Ms. Shen Xiaofen served as the general manager of the audit and supervision department (審計監察部) (formerly known as audit and compliance department (審計合規部)) of Zhejiang Shenghua. From July 2025 to present, Ms. Shen Xiaofen has worked as a finance manager in Shenghua Financial Services. Ms. Shen Xiaofen joined the Company since May 2019 and has been appointed as a Supervisor of the current Supervisory Committee since June 2023.

Employee Representative Supervisor

Ms. Shen Rujia (沈儒佳), aged 37, is an accountant of the Company and a finance manager of Increator Technology Co., Ltd.* (浙江創建科技有限公司) ("**Increator Technology**"), a wholly owned subsidiary of the Company. Ms. Shen Rujia graduated from Jiaxing University (嘉興學院) in June 2011 majoring in architecture and accounting (second degree), with a bachelor's degree in engineering and a bachelor's degree in management. Ms. Shen Rujia obtained the intermediate accounting professional and technical qualification certificate approved by the Ministry of Human Resources and Social Security and Ministry of Finance of the PRC. From July 2011 to July 2018, Ms. Shen Rujia worked as an accountant in Shenghua Estate Group Company Limited* (升華地產集團有限公司) ("**Shenghua Estate**"). Ms. Shen Rujia joined the Company since August 2018 and has been appointed as a Supervisor of the current Supervisory Committee since June 2023.

SENIOR MANAGEMENT

Mr. Wang Feng (王鋒), aged 60, is the Chairman and Chief Executive Officer. Mr. Wang is a senior accountant, graduated from Nanjing Institute of Grain Economics* (南京糧食經濟學院) (currently known as Nanjing University of Finance & Economics) with a bachelor's degree in economics in July 1988 majoring in accounting. From December 2003 to November 2019, Mr. Wang served various positions including as the audit department manager, finance manager, chief financial officer and vice president of Shenghua Group Holdings. From June 2011 to May 2017, Mr. Wang served as a supervisor of Shenghua Biok Biology. From July 2015 to November 2019, Mr. Wang served as a director and vice president of Zhejiang Shenghua. Since December 2019 to present, Mr. Wang has been serving as the chairman of Shenghua Financial Services. Mr. Wang has extensive experience in corporate management in the PRC. Mr. Wang joined the Company since April 2022.

Mr. Xu Jianfeng (徐劍鋒), aged 39, is the secretary of the Board and Authorised Representative. Mr. Xu graduated from Jiangxi University of Finance and Economics majoring in tourism management and finance (second degree) in July 2009 and obtained a bachelor's degree in management and a bachelor's degree in economics. From July 2009 to May 2017, Mr. Xu served as the secretary to the president (總裁秘書) of Shenghua Group Holdings. Mr. Xu joined the Company since May 2017.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Wu Lihui (吳麗輝), aged 40, is the finance manager of the Company. Ms. Wu graduated from Zhejiang Forestry University* (浙江林學院) (currently known as Zhejiang A&F University (浙江農林大學)) in June 2008 and obtained a bachelor's degree in management majoring in accounting. Ms. Wu holds the title of intermediate accountant and tax accountant qualification in the PRC. From March 2009 to May 2014, Ms. Wu worked as a tax auditor at Shenghua Biok Biology. From June 2014 to November 2016, Ms. Wu worked as an accountant at Zhejiang Shenghua Asset Management Co., Ltd.* (浙江升華資產經營有限公司). From December 2016 to September 2019, Ms. Wu worked as the finance manager at Huzhou Xintianwai Green Packet Printing Co., Ltd.* (湖州新天外綠包印刷有限公司). From October 2019 to December 2021, Ms. Wu worked in financial management at Zhejiang Shenghua Defeng Investment Co., Ltd.* (浙江升華德豐投資有限公司). From December 2021 to June 2025, Ms. Wu worked as a the finance manager in Shenghua Financial Services. Ms. Wu joined the Company since November 2023.

Mr. Wu Benlin (吳本林), aged 51, is the president of Increator Technology. Mr. Wu graduated from He Fei University of Technology (合肥工業大學) with a bachelor's degree in communication engineering. Mr. Wu has devoted to the development of computer software application systems, especially the development of applications in industry such as social security, city card (城市一卡通), smart city based on J2EE structure, and has extensive experience in the field of city informatisation and smart city. Mr. Wu was awarded the Zhejiang Province Science and Technology Advancement First Prize (浙江省科技進步一等獎) in the year 2008, and qualification certifications of Information System Project Management Professional (信息系統項目管理師), OCP, Microsoft Senior Project Management Training (高級項目經理培訓) and Senior Software Development Supervisor Training Program (高級軟件研發主管研修計劃) and honoured with qualifications such as IBM Certified Structuralist (認證架構師). Mr. Wu joined the Group since February 2018.

Ms. Su Lili (蘇麗麗), aged 40, is the general manager of Hangzhou Huaguang. Ms. Su graduated from Zhejiang Gongshang University (浙江工商大學) majoring in accounting. Ms. Su has nearly 20 years of industry management experience in the trading of hardware and computer software and system integration services businesses. Ms. Su joined the Group since September 2009.

Mr. Fork Siu Lun Tommy (霍兆麟), aged 63, is the company secretary (the "**Company Secretary**") of the Company and Authorised Representative. Mr. Fork graduated from University of Hong Kong with a bachelor's degree in science in November 1984. He has been a member of the Hong Kong Institute of Certified Public Accountants since September 1987 and a fellow member of the Association of Chartered Certified Accountants since October 1992. Mr. Fork joined the Company since May 2017.

* For identification purposes only

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report (the “**CG Report**”) of the Company for the year ended 31 December 2025.

CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

1. Corporate strategy, business model and culture

The Company’s mission is to create value for customers and change life with digital and it has a vision to become the founder of digital life. The Group is determined to be market-oriented, with the help of the driving force of the rapid development of the Internet economy, strengthen the continuous innovation of products and businesses, provide the general public with more secure, high-quality, efficient, convenient and intelligent digital services and products, and become the leading comprehensive provider of mobile Internet digital services in the PRC. On working towards the achievement of its mission, the Group established the core organisation values of acting lawfully, ethically and responsibly across all levels of the Group and had an ongoing strategic planning process to identify, assess and make responses to the opportunities and challenges that the Group might encounter. The Board has fostered a corporate culture value with focusing on five specific areas: (i) innovation; (ii) collaboration; (iii) wisdom; (iv) health; and (v) integrity. The Board, led by example, instilled and promoted the corporate culture continually throughout its operations, and considered that the culture and the purpose, value and strategy of the Group are aligned.

The Group is a platform-based technology company group accompanying the rapid development of the PRC’s information economy, and has established three core business sectors, namely (i) the trading of hardware and computer software; (ii) the provision of smart city solutions; and (iii) the provision of e-commerce operation solution services, serving the PRC mobile Internet service industry. The Board has been focusing on creating long-term sustainable growth for the Shareholders and delivering long-term values to all stakeholders and community. The principal objectives of the Group are to enhance revenue and profitability, improve overall performance and secure long-term total return for all its stakeholders. The Board included a discussion and analysis of the Group’s performance, business development, generation of long-term value and business strategy for the year in the section headed “Management Discussion and Analysis” on pages 5 to 15 of this annual report.

2. Corporate governance practices

Corporate governance provided the framework within which the Board formed its decisions and built the businesses. An effective corporate governance structure allowed the Group to have a better understanding of, evaluate and manage risks and opportunities (including environmental and social risks and opportunities). As detailed below, the Board was responsible for performing the corporate governance duties of the Company. The Board recognised the importance of achieving a high standard of corporate governance in meeting the needs and requirements of the Group’s businesses and enhancing the value for the Shareholders. The Board has been fully committed to doing so and has applied the principles of good corporate governance set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) as set forth in Appendix C1 to the GEM Listing Rules in all material aspects of the Group’s operation throughout the year ended 31 December 2025.

3. Compliance

For the year ended 31 December 2025, the Group (i) has disclosed the information required under the mandatory requirements for disclosure in the CG Report set out in Part 1 of the CG Code; and (ii) has complied with all code provisions set out in Part 2 of the CG Code, except for the deviation from code provision C.2.1 as explained below. The Board will continue to review regularly and take appropriate actions to comply with the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Wang Feng is both the Chairman and Chief Executive Officer who is responsible for managing the Board and Group business. The Board believed that vesting the roles of both the Chairman and Chief Executive Officer in the same person would facilitate the execution of the Group's business strategies and boost effectiveness of its operations. Therefore, the Board considered that the deviation from the code provision C.2.1 of Part 2 of the CG Code was appropriate in such circumstances. In addition, under the supervision of the Board which was comprised of four executive Directors and three independent non-executive Directors, the Board was appropriately structured with balance of power to provide sufficient checks to the exercise of power by the Chairman and Chief Executive Officer and protect the interests of the Company and Shareholders. However, the Board will continue to regularly review the effectiveness of the Group's corporate governance structure to assess whether the separation of the positions of the Chairman and Chief Executive Officer is necessary.

BOARD OF DIRECTORS

During the year and up to the date of this report, the composition of the Board was as follows:

Executive Directors

Mr. Wang Feng

Mr. Yu Zheng (*appointed with effective from 15 December 2025*)

Mr. Xu Jianfeng

Ms. Wu Lihui

Non- Executive Director

Mr. Chen Ping (*resigned with effective from 15 December 2025*)

Independent Non-Executive Directors

Mr. Cai Jiamei

Ms. Huang Xuanzhen

Mr. Zhang Mingbo (*appointed with effective from 15 December 2025*)

Ms. Huang Lianxi (*resigned with effective from 15 December 2025*)

The biographical details of the Directors have been set out on pages 16 to 18 of this annual report. There were no disclosable relationships between the Board members.

Mr. Yu Zheng was appointed as an executive Director with effective from 15 December 2025. He obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 5 December 2025, and has confirmed that he understood his obligations as a director of a listed company.

Mr. Zhang Mingbo was appointed as an independent non-executive Director with effective from 15 December 2025. He obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 5 December 2025, and has confirmed that he understood his obligations as a director of a listed company.

The list of Directors and their role and function has been published on the Stock Exchange's website.

Each Director has ensured that he/she has given sufficient time, commitments and attention to the affairs of the Group during the year.

The composition of the Board was well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. All executive Directors and independent non-executive Directors have brought a variety of experience and expertise to the Group.

During the year, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered the diversity of Board members could be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background and professional experience, skills and knowledge. The Company has not set any measurable objectives for implementing the board diversity policy. All future Board appointments will be based on meritocracy, and the candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. During the year, the Nomination Committee conducted an annual review on the implementation and effectiveness of the board diversity policy and the result was satisfactory.

The Company was committed to ensuring that independent views and input were available to the Board. During the year, the Company complied at all times with the requirement of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Nomination Committee has assessed the independence of the independent non-executive Directors on an annual basis, and the Company considered all independent non-executive Directors to be independent.

Appointment and re-election of Directors should be approved by general meetings of the Shareholders. The articles of association (the “**Articles of Association**”) of the Company stipulated that the term of each Director was three years and could be re-elected in succession. The resignation and termination of a Director should needs reasonable explanation. The Company did not require the rotation of Directors in three years. Instead, Directors were re-elected by general meeting of the Shareholders upon the expiry of their three years terms and could be re-appointed.

The Board’s primary responsibilities were to formulate the Group’s long-term corporate strategy, oversee the management of the Group, evaluate the performance of the Group and enhance long-term Shareholders value. The management of the Group was responsible for executing the strategies adopted by the Board and managing the day-to-day activities of the Group.

The Board has been provided with monthly financial summaries which contain year-to-date key figures of the Group. The monthly financial summaries have given a balanced and understandable assessment of the Group’s performance, financial position and prospects in sufficient detail.

The Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company’s expense in discharging their duties to the Company.

Pursuant to the CG Code, the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board was made with thorough and necessary information. The Company would provide introduction and information to newly appointed Directors on their legal and other responsibilities as directors and their functions. As part of an ongoing process of directors’ training, the Directors were updated with latest developments regarding the GEM Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all Directors and the Group’s businesses and governance policies. All Directors have been encouraged to attend external and internal forums or training courses on relevant topics which may count towards continuous professional development training. The Company has devised a training record to assist the Directors to record the training they have undertaken. During the year, all Directors have participated in appropriate continuous professional development activities either by attending training courses, seminars and conferences or by reading articles, research and journals relevant to the Group’s businesses or the Directors’ duties and responsibilities.

The following table set out the attendance of individual Directors at the meetings of the Board, Board committees and Shareholders held during the year:

Director	Board	Meeting attended			Shareholders
		Audit committee	Remuneration committee	Nomination committee	
Executive Directors					
Mr. Wang Feng	8/8	–	2/2	3/3	2/2
Mr. Yu Zheng (Note 1)	1/1	–	–	–	0/0
Mr. Xu Jianfeng	8/8	–	–	–	2/2
Ms. Wu Lihui	8/8	–	–	–	1/2
Non- Executive Director					
Mr. Chen Ping (Note 2)	7/7	3/3	–	–	0/2
Independent Non-Executive Directors					
Mr. Cai Jiamei	8/8	3/3	2/2	3/3	2/2
Ms. Huang Xuanzhen (Note 3)	8/8	3/3	2/2	–	2/2
Mr. Zhang Mingbo (Note 4)	1/1	0/0	–	–	0/0
Ms. Huang Lianxi (Note 5)	7/7	–	–	2/3	0/2

Notes:

- (1) Appointed as an executive Director with effective from 15 December 2025.
- (2) Resigned as a non-executive Director and a member of the Audit Committee with effective from 15 December 2025.
- (3) Appointed as a member and the Chairman of the Nomination Committee with effective from 15 December 2025.
- (4) Appointed as an independent non-executive Director and a member of the Audit Committee with effective from 15 December 2025.
- (5) Resigned as an independent non-executive Director and a member and the Chairman of the Nomination Committee with effective from 15 December 2025.

The Company Secretary prepared minutes and kept records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also kept the Board minutes, which were open for inspection at any reasonable time on reasonable notice by any Director.

BOARD COMMITTEES

To maintain a high level of corporate governance standard, the Board has set up three committees as follows:

1. Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the requirements set out in the CG Code. The Audit Committee is currently composed of three independent non-executive Directors, namely, Ms. Huang Xuanzhen, Mr. Cai Jiamei and Mr. Zhang Mingbo, and is chaired by Ms. Huang Xuanzhen.

The primary duties of the Audit Committee, set out in its written terms of reference, were to review the Group's annual report and audited consolidated financial statements and interim report and to provide advice and comments thereon to the Board. The Audit Committee was also responsible for reviewing and supervising the financial reporting process and ensuring timely financial reporting, reviewing the effectiveness of the audit process, reviewing the risk management and internal control systems and effectiveness of the internal audit function of the Group. In the course of doing so, the Audit Committee has had detailed discussions with the management, internal and external auditors of the Group during the year ended 31 December 2025. The Audit Committee has reviewed, among other things, the annual report and audited consolidated financial statements of the Group for the year ended 31 December 2025. In addition, during the year, the Audit Committee had detailed considerations and made recommendations to the Board on the change of auditor, the details of which were set out in the announcement and circular of the Company dated 21 November 2025 and 26 November 2025, respectively. The terms of reference of the Audit Committee have been published on the Stock Exchange's website.

2. Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with the requirements set out in the CG Code. The Remuneration Committee currently comprises two independent non-executive Directors, namely, Mr. Cai Jiamei and Ms. Huang Xuanzhen, and one executive Director, Mr. Wang Feng, the Chairman and Chief Executive Officer, and is chaired by Mr. Cai Jiamei.

The main responsibilities of the Remuneration Committee, set out in its written terms of reference, were to review and endorse the remuneration policies of the Directors and senior management and to make recommendations to the Board for the remuneration of the Directors and senior management. During the year, the Remuneration Committee discussed with the Chairman and Chief Executive Officer on its proposals relating to the remuneration of the Directors and senior management and has ensured that no Director has been involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee have been published on the Stock Exchange's website.

3. Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the requirements set out in the CG Code. The Nomination Committee currently comprises two independent non-executive Directors, namely, Ms. Huang Xuanzhen and Mr. Cai Jiamei, and one executive Director, Mr. Wang Feng, the Chairman and Chief Executive Officer, and is chaired by Ms. Huang Xuanzhen.

The responsibilities of the Nomination Committee, set out in its written terms of reference, included reviewing the structure, size, composition and diversity of the Board on an annual basis; identifying individuals, in accordance with the Board diversity and nomination policy of the Company, suitably qualified to become members of the Board and selecting or making recommendations to the Board on selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the Chairman and Chief Executive Officer; setting out relevant information in the meeting circular and/or documents relating to any proposed resolution to elect an independent non-executive Director at general meeting of the Shareholders; and determining the policy for nomination of the Directors, which involving the consideration on the past performance, qualification and general market conditions in selecting and recommending prospective candidates for directorships. The terms of reference of the Nomination Committee have been published on the Stock Exchange's website.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 December 2025. Having made specific enquiries with all Directors, the Company confirmed that all Directors had complied with the required standard of dealings and code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2025.

CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions were carried out by the Board pursuant to a set of terms of reference adopted by the Board in compliance with the CG Code, including (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the CG Report. During the year, the Board has reviewed the corporate governance policy of the Company and duties of the Board and its committees. The Board has also reviewed the CG Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for maintaining sound risk management and internal control systems and reviewing their effectiveness.

Measures have been established to provide an effective risk management system to identify, evaluate and manage significant risks, which included a defined organisational structure with clear lines of responsibility and authority, an appropriate management reporting system and a periodic risk self-assessment conducted by major business units to ensure the proper monitoring of significant risks and adequacy of relevant risk mitigation plans. The aforementioned measures also ensured the proper handling and dissemination of inside information.

Risk management and internal control systems have been designed for managing the Group's significant risks, safeguarding the Group's assets, maintaining proper accounting records, ensuring compliance with relevant laws and regulations, and providing reasonable assurance against material misstatement, loss or fraud. The purpose of the Group's risk management and internal control systems was to provide reasonable, but not absolute assurance, against material misstatement or loss and to manage rather than eliminate risks of failure of the operational system in order to achieve the Group's business objectives.

The Board has employed an ongoing process to review the effectiveness of the risk management and internal control systems, which consisted mainly of enquiry, discussion and validation through observation and inspection. During the Reporting Period, the Board held one meeting to appraise the validity of the Group's risk management and internal control systems in an all-round way, with the Supervisors and part of the senior management seated in the meeting. The Board's annual review for the year ended 31 December 2025 as aforementioned has satisfactorily covered the adequacy of resources, qualifications and experience, training programs and budget of the Group's accounting and financial reporting functions, as well as those relating to the Group's environmental, social and governance ("ESG") performance and reporting. The Board was of the view that the risk management and internal control systems were effective and adequate, and there were no irregularities, improprieties, fraud or other deficiencies that suggested material deficiency in the Group's risk management and internal control systems.

The Board has established an internal audit function and considered that it has effectively carried out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for the preparation of consolidated financial statements which gave a true and fair view, on a going concern basis. In preparing consolidated financial statements which gave a true and fair view, it was fundamental that appropriate accounting policies were selected and applied consistently. It was the independent auditor's responsibility to form an independent opinion, based on their audit, on the consolidated financial statements and to report their opinion to the Shareholders. The responsibilities of the independent auditor have been set out in the independent auditor's report on pages 55 to 59 of this annual report.

ANTI-CORRUPTION AND WHISTLEBLOWING POLICIES

The Group was committed to establishing a corporate culture of integrity and impartiality and had adopted anti-corruption and whistleblowing policies and systems. The information on the anti-corruption practices and whistleblowing procedures of the Group has been set out in the section headed "Environmental, Social and Governance Report" on page 44 of this annual report.

GENDER DIVERSITY

With effective from 15 December 2025, (i) Mr. Yu Zheng was appointed as an executive Director; (ii) Mr. Zhang Mingbo was appointed as an independent non-executive Director; (iii) Mr. Chen Ping resigned as a non-executive Director; and (iv) Ms. Huang Lianxi resigned as an independent non-executive Director. Since the aforementioned date of change of the Directors and up to the date of this report, the Board comprised five male Directors and two female Directors (with a female ratio of approximately 28.57%, two females out of seven Directors). The Board considered that board diversity has been satisfactory and targeted to enhance the current level of female representation in the Board, with the ultimate goal of achieving gender parity. In consideration of the Board's succession, the Nomination Committee would deploy multiple channels to identify suitable director candidates, including referrals from the Directors, Shareholders, management, advisors of the Company and external executive search firms, as and when appropriate. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. The Board has set a numerical target to maintain no less than 1 female member on an ongoing basis. The Nomination Committee will review this target annually to ensure its continued effectiveness.

The female ratio (female out of total) in the work force of the Group as at 31 December 2025 and 2024 were as follows:

	As at 31 December 2025	As at 31 December 2024
Board (%)	28.57	42.86
Supervisory Committee (%)	66.67	66.67
Senior management (%)	28.57	28.57
Other employees (%)	27.54	26.32
Total work force (%)	27.63	26.51

The Group has set an overall gender diversity target of 25% female representation across its business, as well as individual gender diversity targets for the hardware and computer software trading, smart city solutions and e-commerce operation solution services teams. To support the achievement of these targets, specific initiatives included a review of the recruitment process, with job descriptions and postings amended to motivate a broader applicant pool, as well as changes to applicant screening and interviews. The predetermined target has been achieved at present.

AUDITOR'S REMUNERATION

During the year, the Group incurred approximately RMB596,000(2024: RMB467,000) and RMB0 (2024: RMB9,000) for remunerations in respect of audit services and non-audit services provided by the Company's auditor, respectively.

COMPANY SECRETARY

Mr. Fork Siu Lun Tommy is the Company Secretary and he is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He reported to the Board and assisted the Board in functioning effectively and efficiently. During the year, Mr. Fork undertook not less than 15 hours of professional training to update his skill and knowledge.

SHAREHOLDER AND INVESTOR RELATIONS

1. Continuous disclosure and communication

The Company disclosed all necessary information to the Shareholders and potential investors in compliance with the GEM Listing Rules. The Company also replied to enquiries from the Shareholders timely. The Directors hosted the general meetings of the Shareholders held during the reporting year to meet the Shareholders and answer their enquiries. All votes of the Shareholders at their general meetings were taken by poll.

2. Changes in the Articles of Association

Pursuant to a special resolution passed by the Shareholders at their extraordinary general meeting held on 15 December 2025, the Articles of Association was amended to reflect the change in the Chinese name and English name of the Company. Details of the amendment to the Articles of Association were set out in the circular of the Company dated 26 November 2025.

3. Shareholders' communication policy

The Company has established a shareholders' communication policy (the "**Shareholders Communication Policy**") to provide the Shareholders and potential investors with information about the Group to enable the Shareholders to exercise their rights in an informed manner and allow the Shareholders and potential investors to engage actively with the Group.

The Company strives to ensure that the Shareholders and potential investors have ready and timely access to all publicly available information of the Group. The Shareholders and potential investors may at any time make a request for publicly available information of the Group and/or communicate their views on various affairs of the Group for the Company's consideration by post addressed to (i) the principal place of business of the Company in the PRC at No. 68 Fangren Road, Jiading District, Shanghai, the PRC for the attention of the secretary of the Board (for the holders of the Domestic Shares); or (ii) the principal place of business of the Company in Hong Kong at Room 1505, 15/F., Fullerton Centre, 19 Hung To Road, Kwun Tong, Kowloon, Hong Kong for the attention of the Company Secretary (for the holders of the H Shares). The Group will also take advantage of every opportunity to solicit and understand the views of the Shareholders and stakeholders during day-to-day operations. The Company encourages the Shareholders to attend the general meetings of the Shareholders and replies to enquiries from the Shareholders.

The Board has conducted a review of the Shareholders Communication Policy during the year and considered that the implementation of the policy was effective, based on the communication results with the Shareholders and potential investors.

4. Dividend policy

The Board has adopted a dividend policy (the "**Dividend Policy**") set out below:

When the Board recommends or declares dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future business growth.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and the factors set out below.

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

Depending on the financial conditions of the Group and the conditions and factors set out above, dividends may be proposed and declared by the Board for a financial year or period as interim dividend, final dividend, and any distribution of dividend that the Board may deem appropriate.

The Company may declare and pay dividends by way of cash or scrip or cash combined stock or by other means that the Board considers appropriate.

Any declaration and payment of dividends will be subject to Shareholders' approval and in compliance with the law of the PRC and Articles of Association.

The Board will review the Dividend Policy as appropriate from time to time, and there is no guarantee that any particular amount of dividends will be proposed or declared in any particular period in the future.

SHAREHOLDERS' RIGHTS

1. Convention of an extraordinary general meeting and making proposals at general meetings

Shareholders (the “**Eligible Shareholders**”) holding at the date of deposit of the requisition an aggregate of ten per cent. (10%) or more, in aggregate or alone, of the shares (the “**Shares**”) of the Company carrying the right of voting at the general meeting of the Shareholders shall at all times have the right, by written requisition to the Company, to convene an extraordinary general meeting of the Shareholders.

The written requisition signed by the Eligible Shareholders should be deposited at (i) the principal place of business of the Company in the PRC for the attention of the secretary of the Board (for the holders of the Domestic Shares); or (ii) the principal place of business of the Company in Hong Kong for the attention of the Company Secretary (for the holders of the H Shares), at the addresses mentioned above.

The requisition must clearly state the name of the Eligible Shareholders concerned, their shareholding, the reason for convening an extraordinary general meeting, agenda proposed to be included as well as details of the business proposed to be transacted in the extraordinary general meeting.

When the Company convenes an annual general meeting of the Shareholders, Shareholders holding more than one per cent. (1%) or more, in aggregate or alone, of the Shares carrying the right of voting at the meeting are entitled to propose new resolutions to the Company in written form. The Company shall include those matters which are within the scope of business of the general meeting of the Shareholders into the agenda of such meeting.

2. Sending of enquiries to the Board

Shareholders may send their enquiries and concerns to the Board to (i) the principal place of business of the Company in the PRC for the attention of the secretary of the Board (for the holders of the Domestic Shares); or (ii) the principal place of business of the Company in Hong Kong for the attention of the Company Secretary (for the holders of the H Shares), at the addresses mentioned above. In addition, the Company's website provides telephone number and fax number by which enquiries may be put to the Board.

By order of the Board

Wang Feng

Chairman and Chief Executive Officer

30 March 2026

Shanghai, the PRC

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board is pleased to present the ESG report (the “**ESG Report**”) of the Group for the year ended 31 December 2025. The ESG Report covered the policies, compliance issues and key performance indicators (the “**KPI(s)**”) relating to the environmental and social aspects of the Group. The information on the governance aspect of the Group has been set out in the section headed “Corporate Governance Report” on pages 21 to 30 of this annual report.

BASIS OF PREPARATION

1. Reporting framework

The ESG Report was prepared in accordance with the “ESG Reporting Code” (the “**ESG Reporting Code**”) set out in Appendix C2 to the GEM Listing Rules.

2. Reporting principles

The Group adhered to the following fundamental reporting principles set out in the ESG Reporting Code for the preparation of the ESG Report:

(i) **Materiality**

The ESG Report covered the aspects that were material to different stakeholders of the Group. The Board considered that the material aspects were those that reflected the Group’s significant ESG impacts, or that substantially influenced the assessments and decisions of the Group’s stakeholders. The Group obtained information through communication with its business partners and other interested parties through different communication channels (including online questionnaires and daily communication, etc.) during day-to-day operations. With reference to, amongst others, the Group’s overall strategy, development, goals and targets, mingled with feedback collected from the stakeholders, the Group analysed the relevant information to identify and prioritise material aspects. Issues and KPIs relating to the material aspects were included in the ESG Report to provide the stakeholders and public with a comprehensive and profound understanding of the effectiveness of the Group’s ESG strategies and system implemented in pursuing sustainable development.

(ii) **Quantitative**

The Group recorded and disclosed the KPIs in quantitative terms as appropriate for evaluation and validation of the effectiveness of its ESG policies and system. The Group has adopted the international standards and emission factors specified in the guidance materials on ESG issued by the Stock Exchange for computing the relevant KPIs disclosed in the ESG Report.

(iii) **Balance**

The ESG Report disclosed information in an objective manner, providing the stakeholders and public with an unbiased picture of the Group’s overall ESG performance, and has not involved any selections, omissions or presentation formats that may inappropriately influence a decision or judgment by the stakeholders and public.

(iv) **Consistency**

As far as practicable and unless stated otherwise, the Group applied consistent measurement methodology to allow for meaningful comparison of its ESG performance over time. Any changes in the methods or KPIs used would be disclosed where applicable. There were no changes to the methods or KPIs used for the year ended 31 December 2025.

3. Compliance

For the year ended 31 December 2025, the Group (i) has included the information required under the mandatory disclosure requirements set out in Part B and Part D (where applicable) of the ESG Reporting Code; and (ii) has reported on all provisions set out in Part C of the ESG Reporting Code on a “comply or explain” basis in the ESG Report.

REPORTING BOUNDARY

The ESG Report included the Company and all its principal subsidiaries set out in note 35 to the consolidated financial statements, covering the principal activities of the Group, namely, (i) the trading of hardware and computer software; (ii) the provision of smart city solutions; and (iii) the provision of e-commerce operation solution services.

BOARD STATEMENT ON ESG GOVERNANCE STRUCTURE

The Board has the overall responsibility for overseeing the Group’s ESG issues and related risks and opportunities, including the setting of the ESG strategies and targets, establishment of the ESG system, and reviewing and reporting of the ESG performance.

The Group has implemented a top-down management approach within the Group for ESG management and has developed appropriate and effective ESG management systems and processes. The Board was responsible for the overall decision-making process and overseeing the formulation, administration and assessment of the ESG system. The Board has set up an ESG working group (the “**ESG Working Group**”) comprising members from middle to senior management, which supported the Board in the daily management and monitoring of the ESG matters. The main responsibilities of the ESG Working Group were to formulate targets and specific implementation paths, set up relevant ESG working arrangements, coordinate, supervise and promote the ESG work in each department and secondary unit, collect relevant KPI data and prepare the ESG Report. Functional departments were responsible for the execution of measures to achieve the preset ESG-related strategies and targets. The Group maintained effective communication with the stakeholders through daily operations to understand and identify their needs, expectations and concerns regarding ESG factors of the Group, so that the importance of each ESG area could be assessed and long-term development approaches and strategies could be formulated. The Board monitored the ESG performance of the Group for the year in the process of reviewing and approving the ESG Report. The Board considered that all material ESG issues and their impacts on sustainable development of the Group were properly controlled and fairly presented in the ESG Report.

The Board would continue to review and monitor the Group’s progress in relation to the ESG issues in order to bring greater benefits for the society as a whole, which was essential for the Group to build a more sustainable business.

Source and Reliability Statement

The information disclosed in this report is derived from the Group’s internal documents, statistical reports, or relevant publicly available sources. The Group confirms that this report contains no false statements, misleading statements, or material omissions, and accepts responsibility for the truthfulness, accuracy, and completeness of its contents.

Confirmation and Approval

The management team of the Group has confirmed to the Board of Directors that, for the year ended 31 December 2025, the Group’s risk management and internal control systems in relation to environmental, social and governance (ESG) matters were effective.

This report was approved at the board meeting held on 30 March 2026. An electronic version of this report is available for inspection on the Stock Exchange’s website at www.hkexnews.hk and on the Company’s website at <http://www.landpage.com.cn>.

STAKEHOLDER ENGAGEMENT

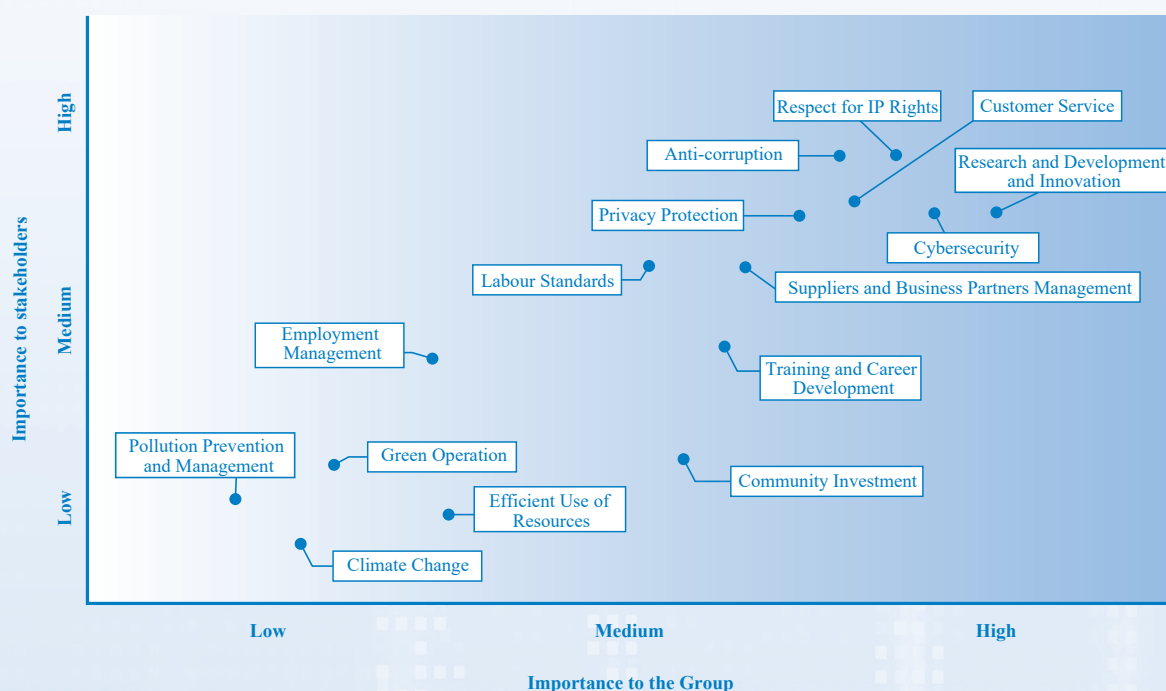
The Group places high importance on systematically integrating stakeholder feedback, viewing it as an essential driving force for optimizing operational efficiency and deepening sustainable development strategies. To systematically identify, respond to, and manage the core concerns of various stakeholders, we consistently maintain close communication with major stakeholders to jointly drive improvements in ESG performance and co-create broader social and environmental value alongside our stakeholders. Concurrently, by building diversified communication channels and establishing two-way, dynamic dialogue mechanisms, we continuously gather and translate insights from all parties into concrete and feasible ESG improvement pathways. Under the collaborative framework, we maintain tight linkage with core stakeholders to jointly advance ESG performance and material issue management, striving to realize long-term value co-creation across social, environmental, and economic dimensions.

Through the diversified communication mechanisms shown in the table below, the Group ensures that voices from all types of stakeholders are effectively identified, integrated, and transformed into actionable strategic initiatives, achieving deep coupling between stakeholder participation and corporate sustainability:

Stakeholders	Expectations	Communication Channels
Investors and Shareholders	✓ Compliance with the relevant laws and regulations ✓ Timely announcement of the latest corporate information ✓ Corporate sustainable development ✓ Results	➤ Annual general meeting and other general meetings ➤ Financial reports ➤ Announcements and circulars ➤ Official website
Customers	✓ Performing product and service responsibilities ✓ Cyber security and data protection ✓ Compliance operation ✓ Customers' feedback processing	➤ Customer satisfaction survey and questionnaire ➤ Customer service hotline ➤ Complaint and review meetings ➤ Social media platforms
Suppliers and Partners	✓ Fair competition ✓ Cooperation to achieve win-win scenario ✓ Business ethics and credibility ✓ Safety and stability on Internet platforms ✓ Patents, copyrights and intellectual property ("IP") rights licenses	➤ Supplier management meetings and activities ➤ Bidding ➤ Offline marketing activities
Employees	✓ Work environment ✓ Salary and benefits ✓ Career development ✓ Health and Safety	➤ Employee satisfaction survey ➤ Regular management communications ➤ Regular work performance assessment ➤ Employee training classes ➤ Employee group activities
Government and Regulatory Institutions	✓ Lawful tax payment ✓ Compliance operation	➤ Regular performance reporting ➤ Official visits
Communities, NGOs and the Media	✓ Support for community development ✓ Environmental protection ✓ Compliance operation ✓ Corporate social responsibility	➤ Official website ➤ Community investment plans ➤ ESG report ➤ Social media platforms ➤ Press release

MATERIALITY ASSESSMENT

To systematically identify and respond to the core concerns of stakeholders, the Group has established a normalized ESG material issue assessment mechanism based on business strategies and industry benchmarks. Through questionnaire surveys, major stakeholders are invited to quantitatively score potential material ESG issues, thereby constructing a materiality matrix to scientifically evaluate the substantial impacts of various issues across financial, environmental, and social dimensions. As the internal and external operating environments, business scope, and major stakeholders have not undergone significant changes during the year, the Board, the ESG Oversight Committee and management have reviewed and confirmed that last year's materiality matrix and its ranking results remain representative and effectively reflect current expectations. Therefore, this year's ESG management and reporting work will continue to use this matrix to ensure the continuity of strategic focus and the targeted nature of responses.



ENVIRONMENTAL ASPECTS

1. Emissions

During the reporting year, the Group's operations did not involve any manufacturing plants and were related mainly to the provision of services. Accordingly, the Group's businesses have not directly involved any significant air emissions, discharges into water and land, generation of hazardous and non-hazardous wastes and other environmental pollution emissions. During the year, the Group was not aware of any material non-compliance with the environmental laws and regulations in the PRC. No confirmed non-compliance incidents or complaints were noted by the Group in relation to environmental issues.

KPIs

(a) Emission types and data

During the year, the Group did not involve any direct air and other pollutant emissions due to its business nature (2024: nil).

(b) Hazardous wastes

During the year, the Group did not involve the generation of any significant hazardous wastes due to its business nature (2024: nil).

(c) Non-hazardous wastes

During the year, the Group did not involve the generation of any significant non-hazardous wastes due to its business nature (2024: nil).

(d) Emission targets

In the absence of production process, the Group did not have any Scope 1 GHG emissions. Our GHG emissions are primarily indirect (Scope 2), stemming entirely from the purchased electricity consumed during our daily office operations. During each of the two years ended 31 December 2025, the Group had implemented various measures to minimise electricity consumption as described below, thus reducing the impacts of the Scope 2 GHG emissions on the environment.

(e) Wastes management

During each of the two years ended 31 December 2025, the Group produced limited hazardous and non-hazardous wastes due to its business nature as an office-based technology and service provider. The Group has committed to maintain minimal waste generation over the years to minimise the related impacts to the environment by implementing measures such as defaulting printers to double-sided printing, promoting the use of electronic workflow systems, and placing designated recycling bins for batteries and electronics in our offices.

(f) GHG emissions

As a group focusing on providing services, the Group operated its businesses mainly on office premises. For each of the two years ended 31 December 2025, the Group did not have Scope 1 GHG emissions and had Scope 2 GHG emissions mainly contributed by electricity consumption in the Group's office premises. The GHG emissions disclosed below were calculated with reference to the 2023 CO₂ Emission Factor for Electricity Calculation Coefficient (二零二三年電力二氧化碳排放因子核算系數) issued by the Ministry of Ecology and Environment of the PRC. As a result of the slight reduction in the office space used and initiative of conserving electricity, the Group's total electricity consumption for the reporting year has dropped slightly when compared with the year 2024, which led to a slight decrease in indirect GHG emissions. However, due to a greater reduction in the average number of employees during the Reporting Year, per capita GHG emissions increased instead.

	2025	2024
CO ₂		
Scope 1 – Direct GHG emission (tonnes CO ₂ equivalent)	–	–
Scope 2 – Energy indirect GHG emission (tonnes CO ₂ equivalent)	38.73	40.71
Total GHG emissions (tonnes CO ₂ equivalent)	38.73	40.71
GHG emission intensity (tonnes CO ₂ equivalent/employee)	0.49	0.40

2. Use of resources

The key environmental impacts from the Group's operations were mainly related to electricity and paper consumption and related emissions. During the year, to achieve environmental protection, the Group encouraged its employees to efficiently use electricity, paper and other resources throughout all its operations (as described below) and reduce resource usage.

KPIs**(a) Electricity and paper consumption**

	2025	2024
Electricity consumption (MWh)	75	79
Electricity consumption intensity (MWh/employee)	0.94	0.78
Paper consumption ('000 pieces)	65	60
Paper consumption intensity ('000 pieces/employee)	0.82	0.59

The reduction in office space during the reporting year contributed to a decrease in office electricity consumption, while the average number of employees decreased further compared to the year 2024, resulting in an increase in electricity consumption per employee. Due to business development, total paper consumption increased slightly compared to the year 2024, while paper consumption per employee increased significantly.

(b) Water consumption

Given the Group's business nature as a technology services and software trading company with no manufacturing or industrial operations, water consumption is limited solely to employees' basic sanitary and drinking needs in office premises. The Board has assessed water consumption as not material to the Group's environmental impact or to stakeholders' assessment of the Group's ESG performance. Accordingly, the Group considers that the disclosure of water consumption data would not provide meaningful information to stakeholders and has therefore not presented such data.

The Group does not encounter any issues in sourcing water that is fit for purpose. The Group has set a directional target to promote water efficiency. We remain actively committed to water conservation by posting water-saving reminders in pantries and washrooms, and fostering eco-friendly habits among our employees to avoid unnecessary water wastage.

(c) Resource use efficiency targets

The Group believed that although there were no problems in obtaining resources, however, to achieve environmental protection, during each of the two years ended 31 December 2025, the Group had encouraged its employees to increase environmental awareness and to efficiently use electricity, paper, water and other resources throughout all its operations (as described below). Taking into account the Group's operational scale and light-asset model, the Board has set a directional target to maintain or progressively reduce the Group's resources consumption intensity. To achieve this target, we will continuously review our environmental footprint and strictly enforce energy conservation measures.

(d) Packaging materials used for finished products

The Group did not involve production activities and did not use packaging materials for finished products during the year ended 31 December 2025 (2024: nil).

3. The environment and natural resources

The Group was committed to environmental responsibility through minimising adverse effects on the community, environment and natural resources while safeguarding the health and safety of the public. Although the Group's business did not involve any direct environmental pollution emissions, during the year under review, the Group executed practices that minimised its indirect impact on the environment and natural resources, such as emissions associated with the generation of energy and production of papers.

KPI**Impact of the Group's activities on the environment and natural resources**

The Group's businesses did not have any significant impact on the environment and natural resources. Despite that, during each of the two years ended 31 December 2025, the Group had raised environmental awareness for its employees and encouraged its employees to reduce electricity, paper and other resources consumption by shifting to e-statement or scanning, rationalising the daily use of all computers and office equipment, electrical lighting and air-conditioners, switching them off when the offices were closed at the end of the day and promoted daily business trips in an eco-friendly way, etc. The Group also promoted related solution products, city convenience services, and enhanced government service capabilities, thereby improving social operation efficiency and reducing resource consumption and emissions.

4. Climate change

During the reporting year, the Group has considered the potential climate-related risks in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures, in which potential physical risk and transition risk from climate change might pose adverse financial impacts on the Group's businesses.

KPI

Significant climate-related issues

During each of the two years ended 31 December 2025, the Group noted that acute physical risk could arise from extreme weather conditions such as heavy raining, flooding and storms and chronic physical risk could arise from sustained high temperature, while transition risk might result from the change in environmental-related regulations or change in customer preferences. Upon evaluation of the potential acute physical risk that might cause disruption to the business activities and supply network, the Group's offices did not locate in high-risk flood areas, and it maintained a strong supplier base so that it could source from alternate suppliers in the event of the suppliers being affected by extreme weather conditions. While the sustained high temperature might result in an elevation of electricity consumption, the Group has adopted energy conservation measures, as described above, in managing such risk. As for the potential transition risk, the Group continued to monitor the regulatory environment and the product market to ensure that its products met regulatory and customer demand and expectations. It was expected that potential extreme weather conditions, sustained high temperatures, change in environmental-related regulations and customer preference would not have a material impact on the Group's operations.

During each of the two years ended 31 December 2025, the Group was not aware of any material non-compliance of environmental laws and regulations in the PRC relating to air and GHG emissions, wastewater discharges, and generation of hazardous and non-hazardous wastes. As such, the Group believed that its operations had posed no significant impact on the climate. Nevertheless, the Group would continue to monitor the climate-related risks and implement relevant measures to minimise the potential physical and transition risks. The Group would keep track of its business and formulate emergency mitigation if any suspected climate-related issues have occurred.

SOCIAL ASPECTS

1. Employment and labour practices

(i) Employment

The Group considered that its employees were valuable assets and has committed to building an amicable and rewarding relationship with its employees. The Group has also actively played the bonding and lubrication role of the union between the employees and the Company.

During the year under review, employees were remunerated with salary packages commensurate with their job nature, qualifications, experience and performance. A brief description of the Group's remuneration policy has been set out in the sub-section headed "Review of Operations" under the section headed "Management Discussion and Analysis" on pages 5 to 15 of this annual report. The Group also adopted a zero-tolerance policy towards any sort of discrimination at the workplace.

During the year ended 31 December 2025, the Group complied with all relevant labour and employment laws and regulations in the PRC.

KPIs**(a) Total work force**

		As at 31 December 2025	As at 31 December 2024
Total (persons):		76	83
Gender:	Male (persons)	55	61
	Female (persons)	21	22
Employment type:	Full-time (persons)	74	81
	Part-time (persons)	2	2
Age group:	Under the age of 30 (persons)	9	13
	Between the age of 30 – 50 (persons)	59	62
	Over the age of 50 (persons)	8	8
Geographical region:	PRC (persons)	75	82
	Hong Kong (persons)	1	1

(b) Employee turnover rate

		2025	2024
Gender:	Male (%)	10.34	40.52
	Female (%)	13.95	24.49
Age group:	Under the age of 30 (%)	18.18	40.00
	Between the age of 30 – 50 (%)	11.57	37.09
	Over the age of 50 (%)	–	25.00
Geographical region:	PRC (%)	11.46	37.00
	Hong Kong (%)	–	–

During the reporting year, in order to improve overall efficiency and implement cost reduction and efficiency improvement activities, the Group strictly controlled its number of employees. On the basis of the significant reduction in the previous year, it made appropriate internal adjustments, resulting in a slight decrease in the number of employees and control of the turnover rate.

(ii) Health and safety

The Group strived to provide a safe and healthy work environment which enhanced employee performance and company-employee relationship. During the year ended 31 December 2025, the Group was not aware of any material non-compliance with the health and safety laws and regulations in the PRC.

KPIs

(a) Work-related fatalities

During each of the three years ended 31 December 2025, no work-related fatalities or serious injuries to staff members resulted from the Group's operations.

(b) Lost days due to work injury

During the year ended 31 December 2025, there were nil lost days due to work injury relating to the Group's operations (2024: nil).

(c) Occupational health and safety measures

During each of the two years ended 31 December 2025, the Group worked its best to cultivate a harmonious workplace, provided free physical health-checkups for its employees and bought accidental and health insurance as well as employers liability insurance for its employees. Also, the Group reviewed the office environment and safety policies regularly, and accomplished employee on-site office safety and transportation safety publicity.

(iii) Development and training

The Group provided internal training for its employees to enhance job performance and opportunities such as internal job competition and rotation promotion to achieve promotion within the Group. A brief description of the Group's staff development and training policy during the year under review has been set out in the sub-section headed "Review of Operations" under the section headed "Management Discussion and Analysis" on pages 5 to 15 of this annual report.

KPIs

(a) Percentage of employee trained

In each of the two years ended 31 December 2025, the Group provided training to all its employees in accordance with the training plan to enhance their knowledge and skills required to perform their job duties.

(b) Average training hours completed per employee

		2025	2024
Gender:	Male (hours)	9.90	14.22
	Female (hours)	7.78	14.08
Employee category:	Senior management (hours)	16.29	39.17
	Middle management (hours)	23.06	27.00
	Junior employee (hours)	3.02	8.89

During the reporting year, based on the experience of previous years' training programs, and in order to allow employees to devote more energy to business development and management, the collective training arrangements were appropriately adjusted. Employees were encouraged to use their spare time to enhance their knowledge and skills while complying with work requirements.

(iv) Labour standards

The Group would not employ any staff below 18 years of age. No employee would have been paid less than the minimum wage or had been required to work over the maximum working hour specified by the government regulations. During the year under review, the Group has complied with all PRC laws and regulations on prohibition of child and forced labour.

KPIs**(a) Measures to review employment practices to avoid child and forced labour**

During each of the two years ended 31 December 2025, the Group employed a stringent recruitment process that included verifying personal information of applicants. The staff member responsible for recruitment would collect identity proof from the candidates to ensure that the age of the candidates fulfilled the requirements as stipulated by the law.

(b) Steps to eliminate child and forced labour practices when discovered

During each of the two years ended 31 December 2025, the employment of child and forced labour was strictly prohibited. If the management of the Group discovered there was any employment of child and forced labour, the employment concerned would be terminated immediately.

2. Operating practices

(i) *Supply chain management*

The Group strived to be the national strategic business partner of its customers by providing products and services that met or exceeded customers' requirements for quality, reliability and value. In accomplishing this goal, during the year under review, the Group endeavoured to build long-term and mutually beneficial relationships with its suppliers, which played a crucial role in providing high quality products and ensuring reliable delivery to its customers.

KPIs

(a) Suppliers by geographical region

During the year ended 31 December 2025 the Group purchased from 154 (2024: 173) PRC suppliers and had 1 (2024: nil) overseas supplier.

(b) Practices relating to engaging suppliers

During each of the two years ended 31 December 2025, the Group paid great attention to the performance of existing suppliers, including but not limited to their scale, products and/or service quality, efficiency, reputation, supply stability and cost-effectiveness, and selected qualified new suppliers based on the criteria defined by the Group. In the daily cooperation with suppliers, the Group also regularly evaluated them to ensure that they met the standards and would terminate the cooperation with suppliers that failed to meet the standards. During the reporting year, the aforementioned supplier engagement and evaluation practices were implemented and applied to all suppliers of the Group.

(c) Practices to identify environmental and social risks along the supply chain

During each of the two years ended 31 December 2025, the Group conducted necessary assessments of suppliers on environmental and social risk aspects in the course of daily operations. In addition to reviewing the necessary qualifications such as environmental assessment reports and business licenses, the Group would also include other conditions like whether they have obtained other industry-related supporting qualifications such as environmental friendliness certifications and safety production licenses, etc., as auxiliary evaluation requirements.

(d) Practices to promote environmentally preferable products and services when selecting suppliers

During each of the two years ended 31 December 2025, the Group encouraged its employees to attach importance to environmental protection and encouraged the purchases of environmentally friendly products to minimise the negative impacts on the environment during business operations. During its cooperation with suppliers, the Group also encouraged suppliers to provide environmentally friendly products and services and provided customers with more environmentally friendly products and services.

(ii) Product responsibility

Due to the nature of its business, the Group did not manufacture physical products and mainly provided services and sold products provided by upstream suppliers, and did not have significant impacts in relation to product responsibility. During the year under review, the Group was not aware of any material non-compliance with the relevant product responsibility laws and regulations in the PRC.

KPIs**(a) Products sold or shipped subject to recalls for safety and health reasons**

During the year ended 31 December 2025, no products sold or shipped were subject to recalls for safety or health reasons (2024: nil).

(b) Products and service-related complaints

During each of the two years ended 31 December 2025, the Group has not been involved in any significant claims or litigations nor received any material complaints relating to its business, operation and products. Despite receiving no complaints during the Reporting Period, the Group maintains established procedures to ensure that any future customer feedback or complaint will be promptly investigated, responded to, and properly resolved by our designated customer service team.

(c) Practices relating to observing and protecting intellectual property rights

During each of the two years 31 December 2025, the Group attached importance to and complied with relevant intellectual property laws and regulations that have a significant impact on its business operations, including the PRC Trademark Law and PRC Copyright Law, etc., in the PRC. The Group also paid attention to the protection of its own intellectual property rights and handled the relevant registration procedures in a timely manner. If any third party infringed the intellectual property rights of the Group, it would take legal action in a timely manner to safeguard the interests of the Group.

(d) Quality assurance process and recall procedures

During each of the two years ended 31 December 2025, the Group was committed to providing high-quality products and services and avoiding quality risks as much as possible. In order to ensure the quality of the products provided, the Group selected high-quality suppliers and required them to provide qualified products with relevant necessary certificates. The Group also deployed relevant quality management departments and technical personnel to conduct necessary quality control of the output of products and services. In the event of quality problems, the Group would promptly confirm with the suppliers and pursue the suppliers' responsibilities (if they were related to the suppliers). At the same time, the Group would provide customers with refunds, returns or discounts to deal with products and services with quality problems.

(e) Customer data protection and privacy policies

During each of the two years ended 31 December 2025, the Group was committed to protecting customer information and privacy, and abided by the relevant privacy laws and regulations in the PRC, including the PRC Cybersecurity Law and PRC Consumer Rights Protection Law. The Group implemented strict procedures for the collection, retention and disclosure of personal data, and only relevant responsible personnel had access and review rights, so as to minimise the exposure of customer information to ensure the safety of customer privacy.

(iii) Anti-corruption

The Group was committed to maintaining a high standard of business ethics and has implemented policies and practices to prohibit bribery, extortion, fraud, and money laundering. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations in the PRC relating to bribery, extortion, fraud and money laundering and no such cases were reported relating to the business and operations of the Group.

KPIs**(a) Legal cases regarding corruption**

During the year ended 31 December 2025, no bribery, extortion, fraud and money laundering cases were reported relating to the businesses and operations of the Group (2024: nil).

(b) Anti-corruption practices and whistle-blowing procedures

During each of the two years ended 31 December 2025, the Group was committed to establishing a corporate culture of integrity and impartiality, establishing a good corporate image, and abiding by laws and regulations such as the PRC Anti-Unfair Competition Law. It has internally formulated relevant standard anti-corruption management system and clearly required its employees to regulate their behaviours in daily work and, not to commit any corruption or bribery. The Group had also set up a supervisory department to conduct irregular internal inspections and established a smooth supervision and whistle-blowing mechanism. Upon receipt of any report, the Group would conduct careful inspections immediately and take appropriate actions in a timely manner once corruption and/or bribery has been confirmed.

(c) Staff training on anti-corruption

During each of the two years ended 31 December 2025, the Group conducted relevant anti-corruption training and reminded its employees and partners to regulate their behaviour by urging its employees to sign anti-commercial bribery commitment letters and encouraging and guiding its partners to sign business ethics responsibility letters.

(iv) Community

During the year, the Group took pride in participating in community events and volunteer activities as a key component of its commitment to corporate responsibility. The Group encouraged its employees to get involved in relevant engagements and organised charitable donation activities, which provided opportunities for the Group and its employees to contribute to improving local communities.

KPI**Areas and resources of contribution**

During each of the two years ended 31 December 2025, the Group continued to, as in previous years, actively participated in and encouraged its employees to join the “Charity Day Donation (慈善一日捐)” and other donations and clothing donation activities. In addition, in combination with business-related characteristics, by providing technical support for organisations such as Hangzhou Federation of Trade Unions, the Group indirectly facilitated the development of online vocational skills, health, culture and other aspects of learning for the majority of enterprise employees. According to its own enterprise situation, the Group invested limited-value property for community services and care. The Group would use its own resources to encourage its employees to work together to seek more community service activities and actively contribute to the improvement of the community.

REPORT OF THE DIRECTORS

The Board is pleased to present its annual report for the year ended 31 December 2025.

CHANGE OF COMPANY NAME

Pursuant to a special resolution (the “**Change Name Special Resolution**”) passed by the Shareholders at their extraordinary general meeting held on 15 December 2025, the change of the Chinese name of the Company from “浙江升華蘭德科技股份有限公司” to “浙江芯化蘭德科技股份有限公司” and the English name of the Company from “Shenghua Lande Scitech Limited” to “Xinhua Lande Scitech Co., Limited”, which was proposed by the Board to reflect the change of control of the Company (as described in the sub-section headed “Change of Control of the Company” under the section headed “Management Discussion and Analysis” on pages 5 to 15 of this annual report), has been approved by the Shareholders.

Subsequent to the Change Name Special Resolution, the registration of the change of the Company’s Chinese name from “浙江升華蘭德科技股份有限公司” to “浙江芯化蘭德科技股份有限公司” was approved, and the new business license bearing the Company’s new Chinese name was issued by Zhejiang Provincial Market Supervision and Administration Bureau* (浙江省市場監督管理局) on 18 December 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 6 January 2026 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).

PRINCIPAL ACTIVITIES

The Company has been principally engaged in the trading of hardware and computer software and investment holding. The businesses of the Company’s principal subsidiaries were set out in note 35 to the consolidated financial statements.

An analysis of the Group’s revenue and loss before tax for the year on business segment activities basis has been set out in note 10 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 has been set out in the sections headed “Chairman’s Statement”, “Management Discussion and Analysis” and “Environmental, Social and Governance Report” on pages 3 to 4, pages 5 to 15 and pages 31 to 44 of this annual report, respectively.

RESULTS AND APPROPRIATIONS

The Group’s results for each of the two years ended 31 December 2025 and its state of affairs as at 31 December 2025 and 2024 were set out in the consolidated financial statements on pages 60 to 115 of this annual report.

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

RESERVES AVAILABLE FOR DISTRIBUTION

At 31 December 2025, the Group did not have reserves available for distribution to owners of the Company (2024: nil).

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during each of two years ended 31 December 2025 were set out in note 17 to the consolidated financial statements.

BORROWINGS

Details of the Group's bank borrowings at the end of each of the two years ended 31 December 2025 were set out in note 27 to the consolidated financial statements.

PAID-IN CAPITAL

Details of the Company's paid-in capital at the end of each of the two years ended 31 December 2025 were set out in note 29 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during each of the two years ended 31 December 2025 were set out in the consolidated statement of changes in equity on page 62 of this annual report.

RETIREMENT PLAN

Details of the retirement benefit schemes of the Group were set out in note 33 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group in aggregate accounted for approximately 76.50% (2024: 74.03%) of the Group's revenue and the largest customer of the Group accounted for approximately 47.53% (2024: 50.94%) of the Group's revenue for the year.

The five largest suppliers of the Group in aggregate accounted for approximately 73.64% (2024: 81.35%) of the Group's direct purchases and the largest supplier of the Group accounted for approximately 37.89% (2024: 56.68%) of the Group's direct purchases for the year.

None of the Directors, their respective associates, or any Shareholders, which to the knowledge of the Directors and Supervisors owned more than 5% of the Company's issued share capital, had any interests in any of the five largest customers and five largest suppliers of the Group for each of the two years ended 31 December 2025.

FINANCIAL SUMMARY

A summary of the Group's results for each of the five years ended 31 December 2025 and the Group's assets and liabilities as at 31 December 2025, 2024, 2023, 2022 and 2021 was set out on pages 116 to 117 of this annual report.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the year and up to the date of this report were:

Executive Directors

Mr. Wang Feng
 Mr. Yu Zheng (*appointed with effective from 15 December 2025*)
 Mr. Xu Jianfeng
 Ms. Wu Lihui

Non- Executive Director

Mr. Chen Ping (*resigned with effective from 15 December 2025*)

Independent Non-Executive Directors

Mr. Cai Jiamei
 Ms. Huang Xuanzhen
 Mr. Zhang Mingbo (*appointed with effective from 15 December 2025*)
 Ms. Huang Lianxi (*resigned with effective from 15 December 2025*)

Supervisors

Mr. Song Zhiwei
 Ms. Shen Xiaofen
 Ms. Shen Rujia

The Company considered all independent non-executive Directors to be independent.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each Director and Supervisor has entered into a service agreement with the Company expiring on 28 June 2026. All appointments are subject to termination in certain circumstances as stipulated in the relevant service agreements.

Saved as disclosed above, none of the Directors or Supervisors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management of the Group were set out in the section headed “Directors, Supervisors and Senior Management” on pages 16 to 20 of this annual report.

DIRECTORS’, SUPERVISORS’, CHIEF EXECUTIVE’S AND HIGHEST PAID EMPLOYEES’ REMUNERATION

The Group has adopted an emolument policy set out in the sub-section headed “Review of Operations” under the section headed “Management Discussion and Analysis” on pages 5 to 15 of this annual report. The Directors’, Supervisors’ and the Company’s senior management’s emoluments were determined by the Board with reference to their duties, responsibilities, performance and recommendations by the Remuneration Committee.

Details of the remuneration of the Directors, Supervisors and chief executive of the Company and that of the five highest paid employees of the Group for each of the two years ended 31 December 2025 were set out in notes 11 and 12 to the consolidated financial statements, respectively.

DIRECTORS’ AND SUPERVISORS’ INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or a Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: nil).

DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVES’ RIGHTS TO ACQUIRE SHARES

During the year ended 31 December 2025, none of the Directors, Supervisors or chief executives of the Company was granted options to subscribe for the Shares (2024: nil). As at 31 December 2025, none of the Directors, Supervisors or chief executives of the Company or any of their spouses and children under 18 years of age had any interests in, or had been granted any interests in, or had been granted, or exercised, had any rights to subscribe for the Shares (or warrants or debentures of the Company, if applicable) or to acquire the Shares (2024: nil).

COMPETING INTERESTS

None of the Directors, Supervisors or management Shareholders and their respective associates (as defined under the GEM Listing Rules) had any interests in a business which competed or might compete with the business of the Group.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, so far as was known to any Directors, Supervisors or chief executives of the Company, as at 31 December 2025, there were no persons or companies who had equity interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Future ordinance (the “SFO”); or who were deemed to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company; or who were Shareholders as recorded in the register maintained under section 336 of the SFO:

Long position in Shares

Name	Capacity and nature of interests	Number of Shares held	Percentage of beneficial interests in the Company's share capital
<i>Substantial Shareholders</i>			
Xinyun Zilian	Beneficial owner and concert party	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	51.01%
Shanghai Chemcloud	Interests of a controlled corporation and concert party	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	51.01%
Shanghai Yilan Enterprise Management Partnership (Limited Partnership)* (上海亦藍企業管理合夥企業 (有限合夥)) ("Shanghai Yilan")	Interests of a controlled corporation	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	51.01%
Shanghai Yelanyao Enterprise Management Co., Ltd.* (上海葉瀾瑤企業管理有限公司) ("Shanghai Yelanyao")	Interests of a controlled corporation	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	51.01%
Dr. Wang Zheng	Interests of a controlled corporation	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	51.01%

REPORT OF THE DIRECTORS

Name	Capacity and nature of interests	Number of Shares held	Percentage of beneficial interests in the Company's share capital
Visionary Technology	Concert part and beneficial owner	193,316,930 Domestic Shares (Note 1) and 65,092,000 H Shares (Note 2)	51.01%
Mr. Zhang Yi	Interests of a controlled corporation	193,316,930 Domestic Shares and 65,092,000 H Shares (Note 3)	51.01%
<i>Other persons</i> Rise Sea	Beneficial owner	45,653,000 H Shares (Note 4)	9.01%
Deqing Huisheng Investment Company Limited* (德清匯升投資有限公司) ("Deqing Huisheng")	Interests of a controlled corporation	45,653,000 H Shares (Note 4)	9.01%
Zhejiang Shenghua	Interests of a controlled corporation	45,653,000 H Shares (Note 4)	9.01%
Xia Shilin	Interests of a controlled corporation	45,653,000 H Shares (Note 4)	9.01%
Xia Yiping	Interests of a controlled corporation	45,653,000 H Shares (Note 4)	9.01%
Ms. Qian Xiaomei	Interests of spouse	45,653,000 H Shares (Note 5)	9.01%
Mr. Wu Menggen	Beneficial owner	21,000,000 Domestic Shares and 12,800,000 H Shares	6.67%
Ms. Dai Jihong	Interests of spouse	21,000,000 Domestic Shares and 12,800,000 H Shares (Note 6)	6.67%
Mr. Cheng Ping	Beneficial owner	27,294,240 Domestic Shares	5.39%

Notes:

- (1) Xinyun Zhilian, a limited company established in the PRC, is directly interested in these 193,316,930 Domestic Shares. Xinyun Zhilian is wholly-owned by Shanghai Chemcloud, a limited company established in the PRC. Shanghai Chemcloud is owned as to approximately (i) 60.23% by Shanghai Yilan. Shanghai Yilan is held as to 87.14% by its general partner, namely Shanghai Yelanyao. Shanghai Yelanyao, a limited company established in the PRC, is held as to 78.46% by Dr. Wang Zheng; (ii) 17.21% by Shanghai Qinghui Yening Enterprise Management Partnership (Limited Partnership)* (上海清輝夜凝企業管理合夥企業(有限合夥)) (“**Qinghui Yening**”). Qinghui Yening is held as to 77.32% by its general partner, namely Dr. Wang Zheng; and (iii) 8.60% by Shanghai Xiaheyu Enterprise Management Partnership (Limited Partnership)* (上海夏和嶼企業管理合夥企業(有限合夥)) (“**Shanghai Xiaheyu**”). Shanghai Xiaheyu is held as to 0.1% by its general partner, namely Dr. Wang Zheng, and none of the limited partners of Shanghai Xiaheyu holds 50% or more of the equity interests of Shanghai Xiaheyu. As such, Shanghai Chemcloud is ultimately controlled by Dr. Wang Zheng. For the purposes of the SFO, each of Shanghai Chemcloud, Shanghai Yilan, Shanghai Yelanyao and Dr. Wang Zheng are deemed to be interested in the 193,316,930 Domestic Shares owned by Xinyun Zhilian.

By virtue of the Acting in Concert Agreement, Chemcloud, Xinyun Zhilian, Chemcloud (HK) and Visionary Technology are parties acting in concert and, therefore, are deemed to be interested in each other's Shares under the SFO.

- (2) These 65,092,000 H Shares are the aggregate of (i) 65,022,000 H Shares beneficially owned by Visionary Technology; and (ii) 70,000 H Shares beneficially owned by Chemcloud (HK), both limited companies incorporated in Hong Kong.

By virtue of the Acting in Concert Agreement, Chemcloud, Xinyun Zhilian, Chemcloud (HK) and Visionary Technology are parties acting in concert and, therefore, are deemed to be interested in each other's Shares under the SFO.

- (3) Visionary Technology is wholly-owned by Mr. Zhang Yi. For the purposes of the SFO, Mr. Zhang Yi is deemed to be interested in Visionary Technology's Shares.
- (4) These 45,653,000 H Shares are beneficially owned by Rise Sea. Rise Sea is a limited company incorporated in Hong Kong and is wholly-owned by Zhejiang Shenghua. Zhejiang Shenghua, a limited company established in the PRC, is owned as to approximately 69.54% by Deqing Huisheng, a limited company established in the PRC, which in turn is owned as to 51% and 49% by Mr. Xia Shilin and Ms. Xia Yiping, respectively. For the purposes of the SFO, Zhejiang Shenghua, Deqing Huisheng, Mr. Xia Shilin and Ms. Xia Yiping are each deemed to be interested in the 45,653,000 H Shares owned by Rise Sea.
- (5) Ms. Qian Xiaomei is the spouse of Mr. Xia Shilin and, therefore, she and Mr. Xia Shilin are deemed to be interested in each other's Shares under the SFO.
- (6) Ms. Dai Jihong is the spouse of Mr. Wu Menggen and, therefore, she and Mr. Wu Menggen are deemed to be interested in each other's Shares under the SFO.
- (7) The shareholding percentages set out in the table above are calculated based on the total number of issued shares of the Company as at 31 December 2025. Following the subscription and issuance of 52,275,000 new H Shares under the general mandate by the Company in March 2026, the shareholding interest of the substantial Shareholders, namely Xinyun Zhilian and parties acting in concert with it, were diluted from approximately 51.01% to approximately 46.24%.

FINANCIAL ASSISTANCE TO AN ENTITY

As at the date of the equity transfer agreement in relation to the Disposal, Zhejiang Dianshi was indebted to the Group in the amount of RMB11,000,000 (the “**Debt**”). The Debt was unsecured and should be fully repaid by 31 December 2025, and the Group may require Zhejiang Dianshi to repay the Debt in advance through litigation and other means in certain circumstances. Interest is charged on the Debt at the rate of 5% per annum until the Debt is fully settled by Zhejiang Dianshi. The Debt was granted previously by the Group to Zhejiang Dianshi in the year 2021, when the Disposal Group was held by the Group, for the Disposal Group’s ordinary working capital purposes, and was not settled after the Completion. The Company considered that if Zhejiang Dianshi were required to repay the Debt prior to the Disposal or immediately after the Completion, the repayment of the Debt would have affected the working capital requirements for normal operations of the Disposal Group. The Directors expected that the Disposal Group will achieve an improved financial performance under the purchaser’s management and control, and seek settlement of the Debt. Since Zhejiang Dianshi ceased to be a subsidiary of the Company after the Completion, the Debt was constituted as a financial assistance. As the amount of the financial assistance exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules, the Debt was subject to the general disclosure obligations under Rules 17.15 and 17.17 of the GEM Listing Rules. Details of the Debt were set out in the announcement and circular of the Company dated 6 September 2022 and 25 November 2022, respectively.

As at 31 December 2025, the Debt was classified as loan receivable in the Group’s consolidated statement of financial position, with a zero carrying balance (2024: nil), net of accumulated allowance for impairment loss of approximately RMB11,000,000 (2024: RMB11,000,000). For the year ended 31 December 2024, an impairment loss of approximately RMB1,594,000 was recognised. The details of the loan receivable were set out in note 24 to the consolidated financial statements.

Save as disclosed herein, the Group had no financial assistances to entities and/or loans receivable which were required to be disclosed in accordance with the requirements of the GEM Listing Rules as at 31 December 2025 and 2024.

RELATED PARTY TRANSACTIONS

The related party transactions of the Group set out in note 32 to the consolidated financial statements for each of the two years ended 31 December 2025 were not required to be disclosed and/or reported as connected transactions in accordance with the requirements of Chapter 20 of the GEM Listing Rules.

COMPANY SECRETARY

Mr. Fork Siu Lun Tommy is the Company Secretary and he is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors and Supervisors, at least 25% of the Company’s total issued share capital was held by the public as at the date of this annual report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2025 (2024: nil).

PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive rights in the Articles of Association.

AUDIT COMMITTEE

The Company established the Audit Committee in November 2001 with written terms of reference in compliance with the requirements set out in the GEM Listing Rules. The primary duties of the Audit Committee were to review the Group's annual report, audited consolidated financial statements and interim report and to provide advice and comments thereon to the Board, and to review and to provide supervision over the financial reporting process and risk management and internal control systems of the Group. The current Audit Committee comprises three independent non-executive Directors, Ms. Huang Xuanzhen, Mr. Cai Jiamei and Mr. Zhang Mingbo, whereas Ms. Huang Xuanzhen is the chairman. During the year, the Audit Committee reviewed the interim report the Group for the year 2025 and annual report of the Group for the year 2024. The Audit Committee has also reviewed the annual report of the Group for the year 2025.

AUDITOR

During the year, Confucius International CPA Limited ("**Confucius International**") resigned as the auditor of the Company, with effective from 21 November 2025. HLB Hodgson Impey Cheng Limited ("**HLB**") was appointed as the auditor of the Company to fill the casual vacancy following the resignation of Confucius International, with effective from 15 December 2025. Details of the change of auditor were set out in the announcement and circular of the Company dated 21 November 2025 and 26 November 2025, respectively.

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by SHINEWING (HK) CPA LIMITED. The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by Confucius International. The consolidated financial statements of the Group for the year ended 31 December 2025 were audited by HLB.

By order of the Board

Wang Feng

Chairman and Chief Executive Officer

30 March 2026

Shanghai, the PRC

* *For identification purposes only*

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is pleased to present its annual report for the year ended 31 December 2025.

SUPERVISORY COMMITTEE OPERATION REVIEW

During the reporting year, two meetings of the Supervisory Committee were held to review, among other things, the operating results of the Group. During the year, the Supervisory Committee has examined the legitimacy and validity, pursuant to the investiture of the Shareholders' general meeting and Articles of Association, upon the convocation and voting procedures of meetings of the Board. We inspected whether the resolutions passed by the Board corresponded with the PRC laws and stipulations of the Articles of Association or not, and adduced feasible proposals. The Supervisory Committee considered that the convocation and voting procedures of meetings of the Board corresponded with the PRC laws and Articles of Association. The resolutions passed by the general meetings of the Shareholders have been executed effectively. The suggestions put forward by the Supervisory Committee have been valued and adopted.

FINANCIAL POSITION OF THE GROUP

During the reporting year the Supervisory Committee supervised and inspected the operating results of the Group. It was considered that the report issued by the auditor of the Company presented truly, precisely and fairly the operating results of the Group. The consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards and have been compiled with the PRC statutory regulations correlated with accounting matters.

ETHICS OF THE DIRECTORS AND SENIOR MANAGEMENT

During the reporting year, the Supervisory Committee executed its obligations and supervised the ethics of the Directors and senior management, in order to raise the Directors' and senior management's onus to perform their duties with good faith and due diligence and avoid the operational risk incurable to the Group or damages to the interests of the Shareholders because of personal fault.

During the reporting year, the Supervisory Committee inspected and found that the Directors and managers had not violated the PRC laws, regulations, and Articles of Association when executing their duties. The Directors and senior management have performed their duties and there was no occurrence of impairment to the interests of the Shareholders either.

By order of the Supervisory Committee

Song Zhiwei

Chairman of the Supervisory Committee

30 March 2026

Shanghai, the PRC

INDEPENDENT AUDITORS' REPORT



31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE MEMBERS OF XINHUA LANDE SCITECH CO., LIMITED (FORMERLY KNOWN AS SHENGHUA LANDE SCITECH LIMITED)

浙江升華蘭德科技股份有限公司

(established as a joint stock limited company in the People's Republic of China)

OPINION

We have audited the consolidated financial statements of Xinhua Lande Scitech Co., Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 60 to 115, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditors' 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.

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 MATTERS (Continued)**Impairment assessment of trade receivables**

Refer to note 20 to the consolidated financial statements.

The key audit matter

As at 31 December 2025, the Group had trade receivables of approximately RMB46,404,000, net of allowance for impairment loss of approximately RMB12,889,000. Expected credit loss model using the provision matrix has been adopted for estimating the impairment loss on trade receivables, which involved significant management judgement on the key inputs and assumptions including the historical loss rates and forward-looking information taking into account both current and forecast general economic conditions.

We have identified the impairment assessment of trade receivables as a key audit matter because the loss allowance involves significant degree of management estimation.

How the matter was addressed in our audit

Our procedures in relation to impairment of trade receivables mainly included but not limited to:

- obtaining an understanding on how the management assess the expected credit losses for trade receivables;
- testing the integrity of information used by management for the assessment, including ageing analysis of trade receivables, on a sample basis, by comparing individual items in the analysis with the relevant underlying documents;
- assessing the reasonableness of the basis and judgement of the management in determining credit loss allowance on trade receivables; and
- Assessing the reasonableness of the key data inputs used in determination of expected credit loss rate, on a sample basis, and evaluating the assumptions, including both historical settlement history and forward-looking information used.

We found that the management judgement and estimates used to determine the impairment of trade receivables to be supportable by available evidence.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by the another auditor who expressed an unmodified opinion on 28 March 2025.

OTHER INFORMATION

The directors 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 auditors' report thereon (the "**Other Information**").

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

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

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

AUDITORS' 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 auditors' report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The engagement partner on the audit resulting in this independent auditors' report is Lee Pak Kin (practising certificate number: P08262).

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	7	230,248	185,043
Cost of sales		(203,107)	(164,209)
Gross profit		27,141	20,834
Other operating (expenses) income, net gains or losses	8	(2,193)	(4,556)
Distribution and selling expenses		(7,685)	(6,216)
General and administrative expenses		(10,415)	(11,100)
Research and development expenditure		(2,486)	(4,446)
Finance costs	9	(919)	(680)
Profit/(loss) before tax		3,443	(6,164)
Income tax expenses	13	(2,356)	(342)
Profit/(loss) for the year		1,087	(6,506)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		46	—
Other comprehensive income for the year, net of tax		46	—
Total comprehensive income/(expense) for the year attributable to owners of the Company		1,133	(6,506)
Earnings/(loss) per share			
— Basic and diluted (RMB)	16	0.21 cents	(1.28) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Plant and equipment	17	1,356	1,926
Right-of-use assets	18	554	–
Deferred tax assets	28	241	285
		2,151	2,211
Current assets			
Inventories	19	13,427	6,146
Trade and bills receivables	20	71,582	78,344
Prepayments and other receivables	21	4,961	5,269
Contract assets	22	1,510	2,580
Cash and cash equivalents	23	25,234	15,594
		116,714	107,933
Current liabilities			
Trade and other payables	25	31,215	33,230
Contract liabilities	26	2,990	351
Lease liabilities	18	194	–
Bank borrowings	27	34,508	28,828
Income tax payables		763	–
		69,670	62,409
Net current assets		47,044	45,524
Total assets less current liabilities		49,195	47,735
Non-current liabilities			
Lease liabilities	18	327	–
Net assets		48,868	47,735
Capital and reserves			
Paid-in capital	29	50,655	50,655
Reserves	30	(1,787)	(2,920)
Total equity		48,868	47,735

The consolidated financial statements on pages 60 to 115 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Mr. WANG Feng
Director

Mr. XU Jianfeng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Paid-in capital RMB'000	Share premium RMB'000	Translation reserve RMB'000 (note 30(i))	Statutory surplus reserve RMB'000 (note 30(ii))	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2024	50,655	101,336	–	13,767	(111,517)	54,241
Loss for the year	–	–	–	–	(6,506)	(6,506)
Total comprehensive loss for the year	–	–	–	–	(6,506)	(6,506)
At 31 December 2024 and at 1 January 2025	50,655	101,336	–	13,767	(118,023)	47,735
Profit for the year	–	–	–	–	1,087	1,087
Exchange differences arising on translation of foreign operations	–	–	46	–	–	46
Total comprehensive income for the year	–	–	46	–	1,087	1,133
Transfer to statutory reserve	–	–	–	594	(594)	–
At 31 December 2025	50,655	101,336	46	14,361	(117,530)	48,868

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Profit/(loss) before tax		3,443	(6,164)
Adjustments for:			
Write off of trade and other payables	8	–	(229)
Bank interest income	8	(90)	(112)
Finance costs	9	919	680
Depreciation of plant and equipment	17	562	715
Depreciation of right of use asset	14	32	–
(Gain)/loss on disposal of plant and equipment	8	(25)	11
Reversal on impairment loss of inventories	8	(19)	(62)
Impairment loss of loan receivable	8	–	1,594
Impairment loss of other receivables, net	8	1	105
Impairment loss of trade and bills receivables, net	8	2,619	3,617
(Reversal on) impairment loss of contract assets	8	(43)	44
Operating cash flows before movements in working capital		7,399	199
(increase) decrease in inventories		(7,262)	11,021
Decrease (increase) in trade and bills receivables		4,181	(42,101)
Decrease in prepayments and other receivables		307	185
Decrease in contract assets		1,113	2,176
(Decrease) increase in trade and other payables		(2,015)	13,555
Increase (decrease) in contract liabilities		2,639	(689)
Cash generated from/(used in) operations		6,362	(15,654)
Income tax paid		(1,549)	(368)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		4,813	(16,022)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES			
Purchase of plant and equipment		(11)	(10)
Interests received		90	112
Proceeds from disposal of plant and equipment		44	18
NET CASH GENERATED FROM INVESTING ACTIVITIES		123	120
FINANCING ACTIVITIES			
New bank borrowings raised		24,508	37,068
Interests paid		(919)	(680)
Repayment of bank borrowings		(18,828)	(20,200)
Repayment of principal portion of lease liabilities		(65)	—
NET CASH GENERATED FROM FINANCING ACTIVITIES		4,696	16,188
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,632	286
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		15,594	15,308
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		8	—
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		25,234	15,594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

The Company was established in the People's Republic of China (the “**PRC**”) as a joint stock company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

At 31 December 2025, the parent and ultimate parent of the Company are Shanghai Xinyun Zhilian Data Technology Co., Ltd. (incorporated in the PRC), Chemcloud (HK) Data Technology Limited (incorporated in Hong Kong) and Visionary Technology Investment Limited (incorporated in Hong Kong), being parties acting in concert.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company is principally engaged in the trading of hardware and computer software, and investment holding. The principal activities of its subsidiaries are set out in note 35.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”).

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that is mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS accounting standard as issued by the International Accounting Standards Board (“**IASB**”) 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 IAS 21

Lack of Exchangeability

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

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

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

The Directors anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. MATERIAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The material accounting policies are set out below.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

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

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

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.

Contract assets and contract liabilities

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Revenue recognition

The Group recognised revenue from the following major sources:

- Trading of hardware and computer software
- Provision of smart city solutions
- Provision of e-commerce operation solution services

3. MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(i) Trading of hardware and computer software

Revenue is recognised at a point in time when the control of goods is transferred to the customers, generally on delivery of goods to the customer's specified location, which is the point of time when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits from these products.

Advance payment from customers on revenue recognition is recognised as contract liabilities in the consolidated statement of financial position.

(ii) Provision of smart city solutions

Revenue from provision of smart city solutions is recognised over time.

The provision of smart city solutions included a comprehensive set of professional services namely system maintenance service, system enhancement service and software development, sourcing and system installation service.

For the system maintenance services, the customer simultaneously receives and consumes the benefits provided by the Group's performance. Revenue from provision of such services is recognised over time on a straight-line basis over the period of the service.

For the system enhancement services and software development, sourcing and system installation services, the Group provides system upgrading and modification services to the customer's existing system. Revenue from provision of such services is recognised over time as the Group's performance creates or enhances an asset that the customer controls as the system is created and enhanced.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

The Group's contracts with customers include payment schedules which require stage payments over the contract period once milestones are reached. The Group requires certain customers to provide upfront deposits ranging from 10% to 50% of total contract sum as part of its credit risk management policies and this has resulted in a contract liability at early stages. The Group also typically provides warranty to ensure that services performed comply with agreed-upon specifications for a specified period and, therefore agrees to a retention money of certain percentage of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing the warranty period.

3. MATERIAL ACCOUNTING POLICIES (Continued)**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the exchange rate prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "Other operating (expense) income, net gains or losses".

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as expenses when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

Current and deferred tax are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)**Plant and equipment**

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Leases

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

The Group as a lessee***Allocation of consideration to components of a contract***

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties and plant and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend 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 reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease.

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

3. MATERIAL ACCOUNTING POLICIES (Continued)**Leases** (Continued)***Lease liabilities*** (Continued)

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

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

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

Lease modifications

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Inventories

Inventories are stated at the lower of cost or net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, bank balances and cash comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

3. MATERIAL ACCOUNTING POLICIES (Continued)**Financial instruments (Continued)*****Impairment of financial assets and contract assets***

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets and contract assets which are subject to impairment under IFRS 9 (including trade and other receivables, deposits, loan receivables and bank balances). The amount of ECL is updated at each reporting period to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(i) *Significant increase in credit risk* (Continued)

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that a financial asset is credit-impaired when it is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

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

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 36 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

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

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

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

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make, judgements, estimates and assumptions about amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of plant and equipment

The management of the Group determines whether the Group's plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amounts of the plant and equipment, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the Group's management to make an estimate of the expected future cash flows from the plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss. The value in use involves high degree of judgement, estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 December 2025, the carrying amounts of plant and equipment were approximately RMB1,356,000 (2024: RMB1,926,000).

Provision of ECL for trade receivables

The Group uses a provision matrix to calculate the ECL for trade receivables. Except for that are not individually assessed, the Group determines the ECL on these items on a collective basis, grouped by aging status and past due status. The provision rates are based on days past due as groupings of various debtors that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking information are considered. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2025, the carrying amount of trade receivables was approximately RMB46,404,000 (2024: RMB50,196,000), net of accumulated impairment of approximately RMB12,889,000 (2024: RMB10,270,000). During the year ended 31 December 2025, impairment loss of approximately RMB2,619,000 (2024: impairment loss of RMB3,617,000) has been recognised for the trade receivables. Details of trade receivables are disclosed in note 20.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 27, net of bank balances and cash disclosed in note 23 and equity attributable to owners of the Company, comprising paid in capital and reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt.

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For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost	100,910	99,382
Financial liabilities		
Financial liabilities at amortised cost	66,244	58,507

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, bank balances and cash, trade payables, certain other payables, lease liabilities and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Currency risk

The Group's exposure to foreign currency risk relates principally to its bank balances, trade and bills receivables, other receivables and trade and other payables denominated in foreign currencies other than the functional currency of relevant group entity.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong Dollar ("HKD")	802	31	697	–
United States Dollar ("USD")	71	392	214	218
Euro ("EUR")	–	593	–	187
Japanese Yen ("JPY")	–	6	–	–

The Group currently does not have a foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

No sensitivity analysis on foreign currency risk is performed since the Group has no material foreign currency denominated monetary assets and liabilities at the end of the reporting period.

6. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies** (Continued)**(i) Market risk** (Continued)*Interest rate risk*

The Group's exposure to cash flow interest rate risk is through the impact of rate changes on interest-bearing financial assets. Interest bearing financial assets is mainly balances with banks which are all short-term in nature and variable rate bank borrowings. The management monitors the movement in market interest rates and reviews such impact on the Group on a continuous basis to ensure that any future variations in interest rate will not have a significant adverse impact on the results of the Group.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and bank borrowings at the end of reporting period. The analysis is prepared assuming bank balances outstanding at the end of reporting period was outstanding for the whole year. A 50 basis point (2024: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit (2024: post-tax loss) for the year ended 31 December 2025 would decrease/increase by approximately RMB46,000 (2024: increase/decrease by approximately RMB28,000). This is mainly attributable to the Group's exposure to interest rates on bank balances and bank borrowings.

(ii) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bills receivables, contract assets, loan receivables, other receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Trade receivables and contract assets arising from contracts with customers

In order to minimize the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually and/or collectively. Except for significant balances or credit-impaired amounts which are assessed for impairment individually, the remaining trade receivables and contract assets are grouped under a collective assessment after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables and contract assets.

Bills receivable and bank balance

The credit risk on bills receivables and bank balances is limited because the counterparties are banks with good reputation and high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies** (Continued)**(ii) Credit risk and impairment assessment** (Continued)*The Group's exposure to credit risk*

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is drawn from the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

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For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment (Continued)

The Group's exposure to credit risk (Continued)

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

			As at 31 December 2025			As at 31 December 2024		
	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	Note	Lifetime ECL (simplified approach)	72,683	(1,101)	71,582	88,614	(10,270)	78,344
Trade and bills receivables	Default	Lifetime ECL (credit-impaired)	11,788	(11,788)	–	–	–	–
Contract assets	Note	Lifetime ECL (simplified approach)	1,511	(1)	1,510	2,624	(44)	2,580
Loan receivable	Default	Lifetime ECL (credit-impaired)	11,000	(11,000)	–	11,000	(11,000)	–
Other receivables	Performing	12-month ECL	4,095	(1)	4,094	2,864	–	2,864
Other receivables	Default	Lifetime ECL (credit-impaired)	799	(799)	–	799	(799)	–
				<u>(24,690)</u>			<u>(22,113)</u>	

Note: For trade and bills receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

The Group's concentration of credit risk by geographical location is solely in the PRC, which accounted for 100% of trade receivables as at 31 December 2025 and 2024. As at 31 December 2025, the Group had concentration of credit risk as 41% (2024: 37%) and 77% (2024: 72%) of the total trade and bills receivables was due from the Group's largest customer and the five largest customers respectively.

6. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies** (Continued)**(iii) Liquidity risk**

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations. The Directors are satisfied that the Group will be able to meet in full its financial obligations as and when fall due in the foreseeable future.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

	Weighted average interest rate	On demand or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2025						
Bank borrowing	3.45%	35,580	–	–	35,580	34,508
Lease liabilities	6.00%	220	228	116	564	521
Trade and other payables	–	31,215	–	–	31,215	31,215
		67,015	228	116	67,359	66,244
As at 31 December 2024						
Bank borrowing	3.57%	29,011	–	–	29,011	28,828
Trade and other payables	–	29,679	–	–	29,679	29,679
		58,690	–	–	58,690	58,507

The Group's contractual maturity for all its financial liabilities, based on the agreed repayment terms and the undiscounted cash flows on the earliest date the Group can be required to pay, is within one year.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iv) Fair Value Measurement of Financial Instruments

The carrying amounts of the Group's current financial assets, including trade receivables, bills receivables, contract assets, loan receivables, other receivables and bank balances; and the Group's current financial liabilities including trade payables, other payables, lease liabilities and borrowings approximate their fair values due to their short maturities.

7. REVENUE

Revenue comprises income from trading of hardware and computer software and provision of smart city solutions.

	2025 RMB'000	2024 RMB'000
Trading of hardware and computer software	207,765	165,296
Provision of smart city solutions	22,483	19,747
	230,248	185,043

Disaggregation of revenue by timing of recognition:

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
At a point in time	207,765	165,296
Overtime	22,483	19,747
Total revenue from contracts with customers	230,248	185,043

As at 31 December 2025, revenue of approximately RMB12,949,000 (2024: RMB12,103,000) is expected to be recognised in the future from the provision of smart city solutions. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 12-18 months (2024: 12-18 months) as at year ended 31 December 2025.

8. OTHER OPERATING (EXPENSES) INCOME, NET GAINS OR LOSSES

	2025 RMB'000	2024 RMB'000
Government grants (note)	306	425
Foreign exchange losses, net	(56)	(13)
Bank interest income	90	112
Reversal of impairment loss of inventories	19	62
Impairment loss of trade and bills receivables, net	(2,619)	(3,617)
Impairment loss of loan receivable	–	(1,594)
Impairment loss of other receivables, net	(1)	(105)
Gain/(loss) on disposal of plant and equipment	25	(11)
Write off of trade and other payables	–	229
Reversal on (impairment loss) of contract assets	43	(44)
	(2,193)	(4,556)

Note: Government grants received during the years ended 31 December 2025 and 2024 related to rebate of value-added tax and government subsidies. There were no unfulfilled conditions or contingencies relating to those grants.

9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interests on:		
Bank borrowings	913	680
Lease liabilities	6	–
	919	680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (the "CODM"), being the executive directors of the Company, are for the purpose of resource allocation and performance assessment. The directors have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

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

1. Provision of smart city solutions
2. Trading of hardware and computer software
3. Provision of e-commerce operation solution services

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Provision of smart city solutions		Trading of hardware and computer software		Provision of e-commerce operation solution services		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December								
Segment revenue – external customers	22,483	19,747	207,765	165,296	–	–	230,248	185,043
Segment (loss)/profit	(1,579)	(9,637)	9,839	8,824	–	–	8,260	(813)
Unallocated other operating (expenses) income, net gains or losses							366	(1,274)
Unallocated expenses							(5,183)	(4,077)
Profit/(loss) before tax							3,443	(6,164)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

Segment results represent the result from each segment without allocation of central administration costs, directors' emoluments and certain other operating (expenses) income, net gains or losses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

10. SEGMENT INFORMATION (Continued)**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Provision of smart city solutions		Trading of hardware and computer software		Provision of e-commerce operation solution services		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December								
Segment assets	24,655	15,651	85,683	72,592	-	-	110,338	88,243
Unallocated assets							8,527	21,901
Total assets							118,865	110,144
Segment liabilities	12,976	8,781	55,834	53,628	-	-	68,810	62,409
Unallocated liabilities							1,187	-
Total liabilities							69,997	62,409

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain plant and equipment, bank balances and cash, certain prepayments and other receivables and deferred tax assets which are unable to be allocated to reportable segments.
- all liabilities are allocated to reportable segments other than certain other payables and income tax payables which are unable to be allocated to reportable segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. SEGMENT INFORMATION (Continued)

(c) Other segment information

	Provision of smart city solutions		Trading of hardware and computer software		Provision of e-commerce operation solution services		Unallocated		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts included in the measure of segment profit or loss or segment assets:										
Additions to plant and equipment	4	8	7	2	-	-	-	-	11	10
Depreciation of plant and equipment	322	423	240	292	-	-	-	-	562	715
Finance costs	6	3	913	677	-	-	-	-	919	680
Reversal of impairment loss on inventories	-	-	(19)	(62)	-	-	-	-	(19)	(62)
Impairment loss of trade and bills receivables, net	3,422	3,269	(803)	348	-	-	-	-	2,619	3,617
Impairment loss of other receivables, net	-	-	-	-	-	-	1	105	1	105
Gain/(loss) on disposal of plant and equipment	-	(2)	(25)	13	-	-	-	-	(25)	11
(Reversal on) impairment loss of contract assets	(43)	44	-	-	-	-	-	-	(43)	44
Write off of trade and other payables	-	(229)	-	-	-	-	-	-	-	(229)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:										
Impairment loss of loan receivable	-	-	-	-	-	-	-	1,594	-	1,594
Bank interest income	-	-	-	-	-	-	(90)	(112)	(90)	(112)

(d) Geographical information

The majority of revenue and non-current assets of the Group are derived from or located in the PRC. Accordingly, no geographical information is presented.

(e) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Customer A ¹	109,439	94,402

¹ Customer to the trading of hardware and computer software segment.

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

The details of emoluments of each of seven (2024: seven) directors, including the chief executive, Mr. Wang Feng (2024: Mr. Wang Feng), and three (2024: three) supervisors for the years ended 31 December 2025 and 2024 are set out below:

For the year ended 31 December 2025	Executive directors					Non-executive director	Independent non-executive directors				Sub-total
	Mr. Wang Feng	Mr. Guan Zilong	Ms. Wu Lihui	Mr. Yu Zheng	Mr. Xu Jianfeng	Mr. Chen Ping	Mr. Cai Jiamei	Ms. Huang Lianxi	Ms. Huang Xuanzhen	Mr. Zhang Mingbo	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note (a))	(Note (b))	(Note (e))		(Note (c))		(Note (d))		(Note (f))	
Emoluments paid or receivable in respect of a person's services as a director/supervisor, whether of the Company or its subsidiary undertaking											
Fees	-	-	-	-	-	-	50	50	50	-	150
Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertaking											
Salaries and other benefits	112	-	63	-	164	-	-	-	-	-	339
Contributions to retirement benefits scheme	70	-	21	-	41	-	-	-	-	-	132
Discretionary bonus	-	-	-	-	95	-	-	-	-	-	95
	182	-	84	-	300	-	50	50	50	-	716

For the year ended 31 December 2025	Supervisors			Sub-total	Total
	Ms. Shen Xiaofen	Mr. Song Zhiwei	Ms. Shen Rujia		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Emoluments paid or receivable in respect of person's services as a director/supervisor, whether of the Company or its subsidiary undertaking					
Fees	-	-	-	-	150
Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertaking					
Salaries and other benefits	-	-	144	144	483
Contributions to retirement benefits scheme	-	-	24	24	156
Discretionary bonus	-	-	24	24	119
	-	-	192	192	908

For the year ended 31 December 2025

	Non-executive								
	Executive directors			director		Independent non-executive directors			
For the year ended 31 December 2024	Mr. Wang	Mr. Guan	Ms. Wu	Mr. Xu	Mr. Chen	Mr.	Ms. Huang	Ms. Huang	
	Feng	Zilong	Lihui	Jianfeng	Ping	Cai Jiamei	Lianxi	Xuanzhen	Sub-total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note (a))	(Note (b))		(Note (c))		(Note (d))		

For the year ended 31 December 2024	Supervisors			Sub-total RMB'000	Total RMB'000
	Ms. Shen Xiaofen RMB'000	Mr. Song Zhiwei RMB'000	Ms. Shen Rujia RMB'000		
Emoluments paid or receivable in respect of a person's services as a director/supervisor, whether of the Company or its subsidiary undertaking					
Fees	–	–	–	–	150
Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertaking					
Salaries and other benefits	–	–	147	147	526
Contributions to retirement benefits scheme	–	–	23	23	124
Discretionary bonus	–	–	6	6	39
	–	–	176	176	839

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (Continued)

Notes:

- (a) Mr. Guan Zilong resigned as executive director on 27 June 2024.
- (b) Ms. Wu Lihui was appointed as executive director on 27 June 2024.
- (c) Mr. Chen Ping resigned as a non-executive director on 15 December 2025.
- (d) Ms. Huang Lianxi resigned as an independent non-executive director on 15 December 2025.
- (e) Mr. Yu Zheng was appointed as an executive director on 15 December 2025.
- (f) Mr. Zhang Mingbo was appointed as an independent non-executive director on 15 December 2025.
- (g) None of the directors or supervisors waived or agreed to waive any emoluments paid by the Group for the years ended 31 December 2025 and 2024.
- (h) No emoluments were paid or payable to any directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2025 and 2024.
- (i) The discretionary bonus is recommended by the Remuneration Committee having regard to their performance and the Company's performance and profitability and the prevailing market conditions.

12. FIVE HIGHEST PAID EMPLOYEES

During the year, the five highest paid individuals include Nil (2024: nil) director. The emoluments of the five (2024: five) individuals were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	4,220	1,644
Contributions to retirement benefits scheme	212	180
	4,432	1,824

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

	2025	2024
Nil to RMB1,000,000	4	5
RMB1,000,001 to RMB1,500,000	—	—
RMB1,500,001 to RMB2,000,000	1	—
	5	5

No emoluments were paid or payable to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2025 and 2024.

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For the year ended 31 December 2025

13. INCOME TAX EXPENSES

	2025 RMB'000	2024 RMB'000
Current tax expense		
PRC Enterprise Income Tax ("EIT")	2,312	368
Deferred tax (note 28)	44	(26)
	2,356	342

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC enterprises was 25% for the years ended 31 December 2025 and 2024. One of the subsidiaries was subject to EIT at a rate of 15% for the years ended 31 December 2025 and 2024 as it was classified as a High and New Technology Enterprise. One of the subsidiaries was subject to EIT at a rate of 5% for below RMB3 millions of profits for the year ended 31 December 2024, as it was classified as a Small and Low Profit Enterprise.

No provision for Hong Kong Profits Tax has been made for the subsidiary established in Hong Kong as the subsidiary did not have any assessable profits subject to Hong Kong Profits Tax during the years ended 31 December 2025 and 2024.

The income tax expenses for the years can be reconciled to the profit/(loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Profit/(loss) before tax	3,443	(6,164)
Tax at the domestic income tax rate (note)	861	(1,542)
Income tax on concessionary tax rate	154	(350)
Tax effect of expenses not deductible for tax purpose	542	1,855
Tax effect of income not taxable for tax purpose	(71)	–
Tax effect of super deduction on research and development expense	(373)	(667)
Tax effect of tax losses not recognised	1,230	2,915
Tax effect of deductible temporary differences not recognised	–	(1,837)
Reversal of deferred tax recognised in prior years	–	(12)
Utilisation of tax losses	–	(20)
Effect of different tax rates of subsidiaries operating in other jurisdictions	13	–
Income tax expenses for the year	2,356	342

Note: The PRC EIT rate of 25% (2024: 25%) was used as it was the domestic tax rate where the results and operation of the Group is substantially derived during the year ended 31 December 2025 and 2024.

14. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	17,628	18,253
Contributions to retirement benefits scheme	1,949	2,463
Total staff costs (including directors', chief executive's and supervisors' emoluments)	19,577	20,716
Auditors' remuneration	596	467
Depreciation of plant and equipment	562	715
Depreciation of right-of-use assets	32	–
Expense relating to short-term leases	1,080	1,546
Cost of inventories recognised as expenses	186,402	151,683

15. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

16. EARNINGS/(LOSS) PER SHARE

The computations of basic and diluted earnings/(loss) per share attributable to owners of the Company are based on the following data:

	2025 RMB'000	2024 RMB'000
Profit/(loss) for the year attributable to owners of the Company	1,087	(6,506)

	2025 '000	2024 '000
Number of share		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	506,546	506,546

Diluted earnings/(loss) per share were same as the basic earnings/(loss) per share for both years as there were no potential dilutive ordinary shares in issue.

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17. PLANT AND EQUIPMENT

	Leasehold improvements	Motor vehicles	Office furniture, fixtures and other equipment	Total
COST				
At 1 January 2024	1,118	2,658	2,096	5,872
Additions	–	–	10	10
Disposal	–	(40)	(149)	(189)
At 31 December 2024 and 1 January 2025	1,118	2,618	1,957	5,693
Additions	–	–	11	11
Disposal	–	(60)	(217)	(277)
At 31 December 2025	1,118	2,558	1,751	5,427
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2024	1,118	248	1,846	3,212
Provided for the year	–	568	147	715
Eliminated on disposal	–	(24)	(136)	(160)
At 31 December 2024 and 1 January 2025	1,118	792	1,857	3,767
Provided for the year	–	553	9	562
Eliminated on disposal	–	(57)	(201)	(258)
At 31 December 2025	1,118	1,288	1,665	4,071
CARRYING VALUES				
At 31 December 2025	–	1,270	86	1,356
At 31 December 2024	–	1,826	100	1,926

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, as follows:

Leasehold improvements	Over the shorter of term of the lease or 3-6 years
Motor vehicles	5-8 years
Office furniture, fixtures and other equipment	3-5 years

18. LEASES**(a) Right-of-use assets**

	2025 RMB'000
Office premises	554

Addition to the right-of-use assets during the year ended 31 December 2025 was RMB586,000 (2024: Nil).

(b) Lease liabilities

Future lease payments are as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value of minimum lease payments RMB'000
At 31 December 2025			
Within 1 year	220	(26)	194
More than 1 year but less than 2 years	228	(15)	213
More than 2 years but less than 5 years	116	(2)	114
	564	(43)	521

The present value of future lease payments are analysed as:

	2025 RMB'000
Current	194
Non-current	327
	521

The total cash outflow for leases for the year ended 31 December 2025 was approximately RMB1,151,000.

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 year or 3 years (2024: 1 year). The lease agreements do not impose any covenants other than the rental deposits in the leased assets that are held by the lessor. Leased assets were not be used as security for borrowing purposes. There are no variable lease payments contain in the leases.

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For the year ended 31 December 2025

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Computer software and hardware	13,427	6,146

During the year ended 31 December 2025 and 2024, there were sales of finished goods previously written down. As a result, a reversal of provision for write-down of finished goods of approximately RMB19,000 (2024: RMB62,000) were recognised and included in other operating (expenses) income, net gains or losses.

20. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables at amortised cost	59,293	60,466
Bills receivables at amortised cost	25,178	28,148
Less: allowance for impairment loss	(12,889)	(10,270)
	71,582	78,344

As at 31 December 2025, the gross amount of trade and bills receivable arising from contracts with customers amounted to approximately RMB84,471,000 (2024: RMB88,614,000). Bills receivables of approximately RMB24,508,000 (2024: RMB18,828,000) was pledged for the bank borrowings of approximately RMB24,508,000 (2024: RMB18,828,000) as at 31 December 2025 (Note 27).

There were no specific credit period granted to customers except for an average credit period of 30 – 90 days (2024: 30 – 90 days) to its trade customers under trading of hardware and computer software segment. Ageing analysis of the trade and bills receivables, net of allowance for impairment loss, as at the end of reporting period, presented based on the invoice date, which approximate to revenue recognition date, is as follows:

	2025 RMB'000	2024 RMB'000
0 to 90 days	69,217	70,159
91 to 180 days	994	–
Over 180 days	1,371	8,185
	71,582	78,344

The Group does not hold any collateral over its trade receivables. Based on past experience, management considers the unimpaired balances are fully recoverable as relevant customers have a good track record and are of a good credit standing.

20. TRADE AND BILLS RECEIVABLES (Continued)

The Group recognise lifetime ECL on trade receivables based on days past due as groupings of various debtors that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking information are considered. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

In respect of the trade receivables, as the Group's historical credit loss experience and creditworthiness of the debtors does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. Generally, trade receivables are written off if past due for more than 36 months and are not subject to enforcement activity. The Group does not hold collateral as security.

All bills receivables by the Group are with a maturity period of less than one year. The Group considers the credit risk of bills receivables is limited because counterparties are with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

The Group recognised lifetime ECL for the remaining trade and bills receivables based on the ageing of customers as follows:

As at 31 December 2025	Weighted average expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.05%	63,927	34
Within 1 year past due	0.08%	6,323	5
1 to 2 years past due	43.65%	2,433	1,062
Over 2 years past due	100.00%	11,788	11,788
		84,471	12,889
As at 31 December 2024			
	Weighted average expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.98%	63,688	625
Within 1 year past due	4.25%	10,511	447
1 to 2 years past due	62.90%	1,256	790
Over 2 years past due	63.90%	13,159	8,408
		88,614	10,270

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For the year ended 31 December 2025

20. TRADE AND BILLS RECEIVABLES (Continued)

The movement in the loss allowance of trade and bills receivables is set out below:

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At 1 January 2024	(13,426)	–	(13,426)
— Impairment losses recognised, net	(3,617)	–	(3,617)
— Write-off	6,773	–	6,773
At 31 December 2024 and 1 January 2025	(10,270)	–	(10,270)
— Transfer to lifetime ECL	8,408	(8,408)	–
— Reversal on/(provision of) impairment losses recognised, net	761	(3,380)	(2,619)
At 31 December 2025	(1,101)	(11,788)	(12,889)

Included in the loss allowance of trade and bills receivables for the year ended 31 December 2025 is a provision for individually impaired trade receivables of approximately RMB11,788,000 (2024: nil). The individually impaired trade receivables relate to customers that were in default or delinquency in payments and full allowance was provided.

The following were the Group's financial assets as at 31 December 2025 and 2024 that was transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as a collateralised borrowings. These financial assets are carried at amortised cost in the consolidated statement of financial position.

As at 31 December 2025

	Bill discounted to bank with full recourse RMB'000
Carrying amount of transferred assets	(24,508)
Carrying amount of associated liabilities	24,508
Net position	–

As at 31 December 2024

	Bill discounted to bank with full recourse RMB'000
Carrying amount of transferred assets	18,828
Carrying amount of associated liabilities	(18,828)
Net position	–

21. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments to suppliers	867	888
Deposits	1,655	2,605
Advances to employees	22	15
Other tax recoverable	1,930	1,517
Other receivables	1,287	1,043
	5,761	6,068
Less: Impairment losses	(800)	(799)
Prepayments and other receivables	4,961	5,269

Included in prepayments and other receivables is an amount of approximately RMB1,655,000 (2024: RMB2,605,000) representing deposit paid to customers for securing the Group's due performance of contracts.

Movement in the impairment losses on prepayments and other receivables:

	2025 RMB'000	2024 RMB'000
At the beginning of the financial year	799	694
Impairment loss recognised	1	105
Balance at the end of the year	800	799

As at 31 December 2025, a lifetime ECL of approximately RMB725,000 (2024: RMB725,000) is made in respect of loan interest receivable with gross carrying amount of approximately RMB725,000 (2024: RMB725,000) due to default in payment of loan interest.

As at 31 December 2025, lifetime ECL of approximately RMB74,000 (2024: RMB74,000) has been made in respect of other receivables with gross carrying amount of approximately RMB74,000 (2024: RMB74,000) as they are determined to be credit impaired.

For remaining other receivables, it has low risk of default or has not been a significant increase in credit risk since initial recognition and impairment loss of approximately RMB1,000 (2024: nil) is recognised for the year ended 31 December 2025.

22. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Provision of smart city solutions	1,510	2,580
Current	1,510	2,580

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22. CONTRACT ASSETS (Continued)

As at 1 January 2024, contract assets amounted to RMB4,800,000.

The Group's smart city solutions contracts include payment schedules which require stage payments over the smart city solutions projects period once certain specified milestones are reached. The contract assets represent the Group's rights to consideration for the smart city solutions projects work completed and yet billed because the rights are conditional on the successful completion of retention period ranging from 1-3 years. The contract assets are transferred to trade receivables where the rights become unconditional. Upon completion of retention period, the amounts recognised as contract assets are reclassified to trade receivables.

As at 31 December 2025, contract assets of approximately RMB755,000 (2024: RMB1,009,000) are expected to be recovered after one year from the end of reporting period.

The Group has applied the simplified approach permitted by IFRS 9 to measure the allowance for credit losses at lifetime ECL. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for contract assets. The expected credit loss rate applied on contracts assets is 0.07% (2024: 1.68%).

During the year ended 31 December 2025, impairment loss of approximately RMB1,000 (2024: RMB44,000) has been recognised. Impairment assessment of contract assets is set out in note 6(b)(ii).

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term deposits for the purpose of meeting the Group's short-term cash commitments, which carry interest at market rates of 0.05% to 0.10% (2024: 0.05% to 0.10%).

Details of impairment assessment of bank balances are set out in note 6(b)(ii).

24. LOAN RECEIVABLE

	2025 RMB'000	2024 RMB'000
Fixed-rate loan receivable	11,000	11,000
Less: allowance for impairment loss	(11,000)	(11,000)
	–	–
Movement in the impairment losses on loan receivables:		
At the beginning of the financial year	11,000	9,406
Impairment loss recognised	(11,000)	1,594
Balance at the end of the year	–	11,000

As at 31 December 2024, a loan advanced to a former subsidiary, of RMB11,000,000, carried a fixed rate of 5% per annum for financing needs of the borrower. The loan was unsecured and matured on 31 December 2025.

24. LOAN RECEIVABLE (Continued)

As at 31 December 2024, in determining the expected credit loss for this asset on an individual basis, the directors of the Company have taken into account the financial position of the counterparty, considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of this financial asset occurring within its respective loss assessment time horizon, as well as the loss upon default.

As at 31 December 2024, the Group measures the loss allowance for the loan receivable at an amount equal to lifetime ECL and allowance for impairment loss of approximately RMB11,000,000 due to default in repayment of loan interest.

As at 31 December 2025, the loan was matured and total overdue interest amounted to approximately RMB1,275,000. Up to the date of this report, the outstanding amount of loan and interest has still not yet settled and the borrower had been placed under liquidation.

25. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	22,707	25,962
Other tax payables	2,856	3,551
Accrued wages and salaries	2,828	1,429
Accrued expenses and other payables	2,824	2,288
	31,215	33,230

Ageing analysis of the trade payables presented based on the invoice date is as follows:

	2025 RMB'000	2024 RMB'000
Less than 1 year	18,218	21,304
Over 1 year but less than 2 years	1,490	2,337
Over 2 years but less than 3 years	1,887	1,391
More than 3 years	1,112	930
	22,707	25,962

There was no specific credit period for payment granted by suppliers.

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26. CONTRACT LIABILITIES

The following table sets out the revenue recognised that was included in the contract liabilities balance at the beginning of the year.

	2025 RMB'000	2024 RMB'000
Trading of hardware and computer software	1,023	1,040
Provision of smart city solutions	1,967	–
	2,990	1,040

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current liabilities based on the Group's earliest obligation to transfer services to the customers.

Revenue recognised in relation to contract liabilities

The following table shows the amount of revenue recognised in the year related to carried forward contract liabilities:

	2025 RMB'000	2024 RMB'000
As at 1 January	1,040	643
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(1,040)	(643)
Consideration received	2,990	1,040
As at 31 December	2,990	1,040

27. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
Secured (note (a))	24,508	18,828
Unsecured (note (b))	10,000	10,000
	34,508	28,828
Carrying amounts repayable (based on scheduled repayment dates set out in the borrowing agreements):		
Within one year	34,508	28,828
Amounts shown under current liabilities	34,508	28,828

27. BANK BORROWINGS (Continued)

Note:

- (a) As at 31 December 2025, secured bank borrowings of RMB24,508,000 (2024: RMB18,828,000) was secured by bills receivables, carried fixed rate ranged from 0.80% to 1.50% for financing the Group's operations as at 31 December 2025 (2024: 1.38% to 3.90%).
- (b) As at 31 December 2025, unsecured bank borrowings of RMB10,000,000 (2024: RMB10,000,000) guaranteed by the former substantial shareholder, Zhejiang Shenghua Holdings Group Company Limited, carried floating rate of Loan Prime Rate ("LPR") plus 0.1% per annum for financing the Group's operations as at 31 December 2025.

The exposure of the Group's bank borrowings to interest rate changes are as follows:

	2025 RMB'000	2024 RMB'000
Variable rate borrowings expiring within one year	10,000	10,000
Fixed rate borrowings expiring within one year	24,508	18,828

28. DEFERRED TAX ASSETS

The followings are the major deferred tax (liabilities) assets recognised and movements thereon during the current year:

	Impairment loss on inventory RMB'000	Impairment loss on receivables RMB'000	Total RMB'000
At 1 January 2024	60	199	259
Credited to profit or loss (note 13)	—	26	26
At 31 December 2024 and 1 January 2025	60	225	285
Credited to profit or loss (note 13)	—	(44)	(44)
At 31 December 2025	60	181	241

At 31 December 2025, the Group had unused tax losses amounted to approximately RMB86,750,000 (2024: RMB81,830,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these remaining unused tax losses due to the unpredictability of future profit streams. The entire tax losses can be carried forward for five years from the respective years in which the loss arose.

At 31 December 2025, certain deductible temporary differences of approximately RMB11,725,000 (2024: RMB11,725,000) have not been recognised as deferred tax assets due to the unpredictability of future profit streams.

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29. PAID-IN CAPITAL

	Number of shares		Amount	
	2025 '000	2024 '000	2025 RMB'000	2024 RMB'000
Registered, issued and fully paid:				
Domestic shares with par value of RMB0.1 each				
At 1 January and 31 December	244,421	244,421	24,442	24,442
Overseas public shares ("H shares") with par value of RMB0.1 each				
At 1 January and 31 December	262,125	262,125	26,213	26,213
Total	506,546	506,546	50,655	50,655

30. RESERVES

(i) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3.

(ii) Statutory surplus reserve

In accordance with the Company Law in the PRC and the Articles of Association of the Company and its subsidiaries, the Company and its subsidiaries are required to appropriate 10% of their annual statutory net profit (after offsetting any prior years' losses) to the statutory surplus reserve.

When the balance of the statutory surplus reserve reaches 50% of the paid-in capital/share capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses, if any, or to increase capital after properly approved. However, except for offset prior years' losses, such statutory surplus reserve must be maintained at a minimum of 25% of paid-in capital/share capital after such usage.

The transfer to statutory reserve is based on the net profit under the financial statements prepared in accordance with the PRC accounting standards.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	1 January 2025 RMB'000	New leases entered RMB'000	Net financing cash flows RMB'000	Finance costs incurred RMB'000	31 December 2025 RMB'000
Bank borrowings	28,828	–	5,680	–	34,508
Interest payable	–	–	(913)	913	–
Lease liabilities	–	586	(71)	6	521
	28,828	586	4,696	919	35,029

	1 January 2024 RMB'000	Net financing cash flows RMB'000	Finance costs incurred RMB'000	31 December 2024 RMB'000
Bank borrowings	11,960	16,868	–	28,828
Interest payable	–	(680)	680	–
	11,960	16,188	680	28,828

32. RELATED PARTY TRANSACTIONS**(a) Transaction with related parties**

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into transaction with a related party as follows:

Related party	Nature of transaction	2025 RMB'000	2024 RMB'000
浙江升華控股集團有限公司	Sale of goods	26	508
德清下渚湖酒店有限公司	Sale of goods	491	615
浙江德清升華臨杭物流有限公司	Sale of goods	35	29
浙江德清升華臨杭物流有限公司	Provision of smart city solutions	499	725
浙江升華雲峰新材股份有限公司	Sale of goods	11	–

Notes:

- The above related company is held by the same former beneficial shareholder until 31 July 2025.
- The sale of goods was made at normal business term.

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32. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

The remuneration of directors, chief executive, supervisors and other members of key management during the year were as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	1,131	1,586
Post-employment benefits	67	99
	1,198	1,685

The remuneration of directors, supervisors and key management was determined by the remuneration committee having regard to the performance of individual and market trends.

33. RETIREMENT BENEFITS SCHEME

The employees of the Group are required to participate in a central pension scheme operated by the PRC local municipal governments. The companies in the Group are required to contribute a specified percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately RMB1,949,000 (2024: RMB2,463,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Plant and equipment		–	8
Investments in subsidiaries		22,021	36,711
		22,021	36,719
Current assets			
Inventories		–	9
Prepayments and other receivables		784	56
Amounts due from subsidiaries		8,793	4,278
Bank balances and cash		8,276	2,321
		17,853	6,664
Current liabilities			
Trade and other payables		1,170	653
Amounts due to subsidiaries		277	277
		1,447	930
Net current assets		16,406	5,734
		38,427	42,453
Capital and reserves			
Paid-in capital		50,655	50,655
Reserves	(a)	(12,228)	(8,202)
Total equity		38,427	42,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) Reserves

	Share premium RMB'000	Statutory surplus reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	101,336	7,934	(111,266)	(1,996)
Loss and total comprehensive expense for the year	–	–	(6,206)	(6,206)
At 31 December 2024 and 1 January 2025	101,336	7,934	(117,472)	(8,202)
Loss and total comprehensive expense for the year	–	–	(4,026)	(4,026)
At 31 December 2025	101,336	7,934	(121,498)	(12,228)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name	Form of business	Place of establishment/ operations	Issued share capital/ Paid up issued registered share capital	Proportion of ownership interest held by Company (2025)		Proportion of ownership interest held by Company (2024)		Principal activities
				Directly	Indirectly	Directly	Indirectly	
杭州華光計算機工程 有限公司*	Private Limited	The PRC	Registered capital of RMB10,000,000	100%	–	100%	–	Trading of hardware and computer software
升華科訊有限公司	Private Limited	Hong Kong	Registered capital of HKD800,000	100%	–	100%	–	Provision of e-commerce operation solution services
浙江創建科技有限公司*	Private Limited	The PRC	Registered capital of RMB27,000,000 (2024: RMB60,000,000)	100%	–	100%	–	Provision of smart city solution
杭州創建智工科技 有限公司*	Private Limited	The PRC	Registered capital of RMB5,000,000	–	100%	–	100%	Provision of smart city solution

All subsidiaries are limited liability companies.

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

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during both years. At the end of the reporting period, the Company has no other subsidiaries that are not material to the Group.

The subsidiary is wholly foreign owned enterprise established in the PRC.

* The subsidiary is wholly owned enterprise established in the PRC.

36. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$586,000 (2024: nil), in respect of lease contracts for office use by the subsidiary of the Company in the PRC.

37. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

38. EVENT AFTER THE REPORTING PERIOD

On 11 February 2026, the Company entered into six separate subscription agreements with six independent subscribers for the subscription of an aggregate 52,275,000 new H shares for an aggregate consideration of approximately HK\$15,820,000 at the subscription price of HK\$0.31 per subscription share. The intent of the proceeds was to support the Group's long-term development strategy, raise capital for the Company to expand existing business opportunities and general working capital for the Company.

The subscription was completed on 11 March 2026. Details refer to the announcement dated 11 February 2026, 12 February 2026, 25 February 2026 and 11 March 2026 respectively.

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

(Continuing and discontinued operations)

	Year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Restated)
Continuing operations					
Revenue	230,248	185,043	98,089	135,024	206,049
Cost of sales	(203,107)	(164,209)	(86,574)	(119,277)	(165,522)
Gross profit	27,141	20,834	11,515	15,747	40,527
Other operating (expenses) income, net gains or losses	(2,193)	(4,556)	(18,281)	(1,443)	1,477
Distribution and selling expenses	(7,685)	(6,216)	(7,320)	(6,018)	(5,749)
General and administrative expenses	(10,415)	(11,100)	(14,466)	(17,329)	(19,520)
Research and development expenditure	(2,486)	(4,446)	(13,187)	(9,833)	(8,647)
Share of results of an associate	–	–	–	–	92
Gain on disposal of investment in an associate	–	–	–	–	367
Finance costs	(919)	(680)	(353)	(301)	(73)
Profit/(loss) before tax	3,443	(6,164)	(42,092)	(19,177)	8,474
Income tax (expenses)/credit	(2,356)	(342)	(681)	172	(926)
Profit/(loss) for the year	1,087	(6,506)	(42,773)	(19,005)	7,548
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations	46	–	–	–	–
Other comprehensive income for the year, net of tax	46	–	–	–	–
Profit/(loss) and total comprehensive income/(expense) for the year from continuing operation	1,133	(6,506)	(42,773)	(19,005)	7,548
Discontinued operation					
Loss for the year from discontinued operation	–	–	–	(16,581)	(21,123)
(Loss) profit and total comprehensive (expense) income for the year	1,133	(6,506)	(42,773)	(35,586)	(13,575)
Attributable to:					
– owners of the Company	1,133	(6,506)	(42,773)	(16,168)	665
– non-controlling interests	–	–	–	(19,418)	(14,240)
	1,133	(6,506)	(42,773)	(35,586)	(13,575)
(Loss) earnings per share					
– Basic and diluted (RMB cents)	0.21	(1.28)	(8.44)	(3.19)	0.13

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	118,865	110,144	87,145	124,318	175,470
Total liabilities	(69,997)	(62,409)	(32,904)	(27,304)	(69,994)
Non-controlling interests	–	–	–	–	7,706
Shareholders' equity	48,868	47,735	54,241	97,014	113,182