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山西長城微光器材股份有限公司

SHANXI CHANGCHENG MICROLIGHT EQUIPMENT CO. LTD.*

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

(Stock Code: 8286)

QUARTERLY UPDATE ON THE IMPLEMENTATION OF ACTION PLANS TO REMOVE THE DISCLAIMER OF OPINION

This announcement is made by the board (the "**Board**") of directors (the "**Directors**") of Shanxi Changcheng Microlight Equipment Co. Ltd. (the "**Company**", together with its subsidiaries, the "Group") pursuant to Rule 17.10 of the Rules (the "**GEM Listing Rules**") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 15 April 2025 and 30 April 2025, relating to, among others, (1)2024 Annual results; and (2) 2024 Annual Report (the "**Announcements**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board hereby provides the latest update to the Company's shareholders and potential investors regarding the implementation progress of the action plan for removing the disclaimer of opinion.

Rights Issue Plan

The rights issue plan is subject to the revision progress of our Company's articles of association (the "**Articles**"). Since February 2023, the China Securities Regulatory Commission (CSRC) issued the 'Provisions on the Filing Management for Overseas Listing', which took effect on 1 March 2023. The Hong Kong Stock Exchange has sucessively revised its Listing Rules in accordance with new regulatory requirements from mainland China, effective from 1 August 2023. Chinese issuers must still comply with existing provisions regarding class meetings as stipulated in their articles of association and other original provisions established under the Essential Terms until and unless they amend their articles of association to remove such provisions. Potential investors currently in talks have noted the changes in external regulatory rules and have proposed to initiate the placement financing process only after the Company completes the revision of its internal regulations according to these external rules. The Company has begun conducting a clause-by-clause review of the Articles and other relevant internal

regulations in accordance with amendments to external rules, compiling a summary report. Upon completion of the summary, it will be provided to legal counsel for further professional revision, with the aim of expediting the review process for amending the Articles and initiating financing matters at the earliest opportunity.

Debt Restructuring Plan

(i) The Company has preliminary reached an agreement with one shareholder and two major lenders to further reduce the lending rate., and is currently negotiating the specific terms of the reduction. If successful, it will reduce the total amount of current liabilities.

(ii) The remaining loan principal from China Everbright Bank is about RMB 60 million. Currently, the Company is negotiating with other banks for a renewal of the loan and an increase in the credit limit. The internal approval process of China Everbright Bank has been completed, and the procedures are currently being advanced. If approved, it will significantly enhance the liquidity of the Company.

(iii) The Company is currently in negotiations with two major lending institusions regarding debt restructuring arrangement to alleviate short-term cash flow pressures.

Loan Interest Reduction Plan

The Company is currently in negotiations with one shareholder and two major lenders regarding the details of interest rate reduction for the loans. If the negotiation succeeds, it will reduce the Company's financial expenses by approximately RMB 8 million, thereby decreasing the total current liabilities. Preliminary consensus has been reached with major shareholders and two key lending institutions regarding the interest reduction and exemption arrangement. Currently, discussions on specific details are still underway, and the negotiations are expected to be completed in the fourth quarter of this year.

Extension of Repayment Plan

The loans from the three creditors will mature on 31 December 2026 and are still classified as long-term loans. As of the date of this announcement, the Company has reached preliminary agreements with three creditors regarding the extension of repayment terms, and is currently negotiating the details of debt relief measures.

Financial Assistance

The Company signed a loan agreement with a major shareholder on 31 May 2023, for a term of 60 months and a total amount of RMB 20 million. The Company will apply for a loan based on capital needs. Upon receipt of the application, the shareholder will provide the funds in installments.

Customer Diversification and Revenue Expansion

At present, there are three new customers in negotiation. Among others, the Company i) has signed R&D contract with new customer A; ii) has reached an agreement with new client B to develop high-end intelligent civilian panels, and started mass production in June 2025; and iii) has signed a scientific research purchase and sales contract with new client C. As of the date of this announcement, the Company has supplied goods to new client C and received payment.

The Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Shanxi Changcheng Microlight Equipment Co. Ltd.
Wu Bo
Chairman

Taiyuan City, Shanxi Province, the PRC, 22 August 2025

As at the date of this announcement, the Board comprises eight directors, of which three are executive directors, namely Mr. Song Zhenglai, Mr. Jiao Baoguo and Ms. Wang Lingling; two non-executive directors, namely Mr. Wu Bo and Mr. Yuan Guoliang; and three independent non-executive directors, namely Mr. Xu Yongfeng, Mr. Wang Weizhong and Mr. Rong Fei.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at "www.hkexnews.hk" for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at "www.sxccoe.com".

* *For identification purpose only*