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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2024 ANNUAL REPORT

This announcement is made by Shanxi Changcheng Microlight Equipment Co., Ltd. (the "**Company**"), together with its subsidiaries collectively referred to as the "**Group**", pursuant to Rule 17.10 of the GEM Listing Rules of The Stock Exchange of Hong Kong Limited (the "**GEM Exchange**") and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (as defined in the GEM Listing Rules).

The Company and all members of the board of directors (the "**Board**") warrant that the information contained in this announcement is true, accurate and complete in all material respects and does not contain any false statement, misleading representation or material omission.

In response to the current matters pertaining to the Company's going concern, the management of the Company and the Board (including the Audit Committee) have had full communication and discussions with the auditors. The Company hereby announces the relevant improvement measures, views of all parties and the latest progress as follows:

In respect of the audited financial statements of the Company for the year ended 31 December 2024, the auditors issued a disclaimer of opinion on the going concern assumption due to the net current liabilities and capital shortage of the Company. After a full assessment, the Board, the Audit Committee and the management are of the view that the Company has the ability to continue as a going concern, the current difficulties can be improved by a series of measures, and the Company will make its utmost efforts to eliminate the audit disclaimer of opinion.

When assessing the Group's ability to continue as a going concern, the auditors will take into account a number of factors including, without limitation, the Group's asset-liability structure, profitability, operating cash flow position, the feasibility of cash flow projections for the next twelve months and the actual achievement of historical cash flow projections.

The auditors have audited the financial position of the Group as at 31 December 2024 and reviewed the profit and cash flow projections of the Group for the year ending 31 December 2026 provided by the Group. As sufficient appropriate audit evidence could not be obtained to confirm that the going concern assumption of the Group is appropriate, the auditors issued an audit report with a disclaimer of opinion on the Group's financial statements for the year ended 2024.

The management and the Audit Committee of the Company have held several meetings with the auditors in respect of the 2024 annual report and the audited financial statements to communicate the audit results. The auditors and the Audit Committee have also discussed with the Board and the management the relevant measures to improve capital inflow. The management of the Company is confident in the various improvement plans to be implemented.

After comprehensive review of the audit communication and the 2024 audited financial information, the Board (including the Audit Committee) is of the view that the production and operation of the Group generally showed a positive trend in 2023. However, affected by the overall economic environment and international environment, the industry performance was generally sluggish, resulting in slower-than-expected progress in the Group's efforts to improve its financial position through share placing, debt restructuring and disposal of part of its properties.

The Board (including the Audit Committee) will urge the management to accelerate the implementation of share placing and partial asset disposal, so as to improve the Group' net current liabilities and net liabilities position and ease the shortage of working capital.

The auditors indicated that if the Group can provide sufficient evidence to prove that:(1) it successfully raises funds within the next year, the amount raised is sufficient to reverse the net current liabilities and net liabilities position, and the available funds are higher than the existing net current liabilities; and (2) the profit and cash flow for the next year can achieve the relevant projections as at 31 December 2026, it will strongly support the going concern assumption. The auditors will consider withdrawing the going concern disclaimer based on the audit evidence available at that time.

I. DEBT RESTRUCTURING AND FINANCING ARRANGEMENTS

(1) Debt Restructuring and Interest Rate Negotiations

1.Taiyuan Changcheng Optics Electronics Industrial Company Limited（太原市長城光電子有限責任公司）has been providing loan support to the Company since November 2011. In March 2023, the Company entered into a supplement to the loan agreement with such shareholder, confirming the principal amount of the loan as of the signing date of the supplement was RMB14.6 million, and extended the repayment date to 31 December 2026. As at 31 December 2024, the outstanding principal of the loan was RMB14.6 million and the outstanding interest was approximately RMB6.23 million.

Shenzhen Kenman Investment Management Company（深圳凱恩曼投資管理公司）has been providing loan support to the Company since June 2016. In December 2022, the Company entered into a supplement to the loan agreement with such other lender, confirming the principal amount of the loan as of the signing date of the supplement was RMB6.955 million, and extended the repayment date to 31 December 2026. As at 31 December 2024, the outstanding principal of the loan was RMB6.955 million and the outstanding interest was approximately RMB4.6 million.

Taiyuan Feifanxi Education Management Consultant Company Limited（太原非凡心教育管理諮詢有限公司） has been providing loan support to the Company since November 2017. In December 2022, the Company entered into two loan extension agreements with such other lender, confirming the total outstanding principal of the loans under the two extension agreements was RMB50 million, extended the repayment date to 31 December 2026, and waived total interest of approximately RMB24 million from the date of the first advance to 31 March 2023. In May 2024, the Company entered into a loan supplement agreement with such other lender, confirming that interest payable of approximately RMB11 million for the period from 1 April 2023 to 31 December 2024 was waived and no repayment is required from the Company.

The aforementioned three major creditor loans are due to mature on December 31,2026. The company negotiated loan extensions with these creditors in 2025, with the expected repayment date for the extended loans set for December 31,2029.

2. The Company is in discussions with interested creditors regarding a debt-to-equity swap scheme. Upon completion of the amendment to the Company's articles of association and relevant internal rules, the debt-to-equity swap procedure will be initiated in a timely manner to reduce the total amount of current and non-current liabilities and future interest expenses.

3. The Company is negotiating a debt restructuring plan with two major lending institutions to ease short-term cash flow pressure.

4. Preliminary consensus has been reached with the lenders on the interest reduction of the loans from the aforementioned one shareholder and two major lending institutions, and details are currently under negotiation. If successful, loan interest will be further reduced by approximately RMB8 million. The negotiation is expected to be completed in the fourth quarter of this year.

(2) Rollover of Bank Loans and Enhancement of Credit Facilities

1. The remaining principal of the loan from Hua Xia Bank China is approximately RMB6 million.

2. The Company is in negotiations loan renewal and enhancement of credit facilities with various banks including China Huaxia Bank,. The relevant approval processes are in progress, which are expected to be completed in the fourth quarter of this year. Upon approval, the liquidity of the Company will be significantly enhanced.

3. Negotiations with banks on the terms of the proposed loan renewal and proposed increase in credit facilities are ongoing. Approval is expected to be completed in the fourth quarter of this year.

(3) Financial Support from Major Shareholders

1. On 31 May 2023, the Company entered into a loan agreement with Beijing Gensir Venture Capital Management Co., Ltd.（北京中泽创业投资管理有限公司） with a term of 60 months and a total amount of RMB20 million.

2. Since 2023, the aforementioned shareholder and its designated entities have provided the Company with cumulative loans totaling approximately RMB8 million for daily operational needs.

II. PLACING FINANCING PLAN

Certain provisions of the Company's current effective articles of association are inconsistent with relevant external regulatory requirements. Potential investors have noted that such discrepancies may affect the procedural and compliance aspects of the placing and financing work, and suggested that the Company should first complete the revision of internal rules and regulations in accordance with external regulatory requirements before proceeding with the placing and financing work. To ensure the placing work is legal and compliant, maximize the overall interests of the Company and shareholders, and achieve seamless alignment between Hong Kong and Mainland regulatory rules, the major shareholders have been suggesting that the Company should simultaneously appoint qualified legal professional advisors in Hong Kong and the Mainland to ensure the placing work is carried out in a safe, efficient and compliant manner.

During 2024, the Company appointed a Mainland law firm to conduct a preliminary revision of the articles of association in accordance with relevant laws and regulations of the People's Republic of China. However, the relevant revision plan failed to meet the Company's expectations and internal governance requirements, so the Company decided to re-select a suitable Mainland legal team, and the relevant work was postponed to the end of 2024. In early 2025, the Company prioritized the 2024 annual audit work, and the revision of the articles of association was suspended accordingly to ensure the annual audit procedures proceeded in a compliant and orderly manner. At this stage, the Company is re-selecting a legal team with compliance experience in both the Mainland and Hong Kong, and has started to sort out the articles of association and other relevant internal rules in accordance with external regulatory requirements, and will promptly initiate the review process of the revised articles of association and internal rules.

Upon completion of the revision of the articles of association and relevant internal rules and the fulfillment of review procedures, the Company will immediately launch the placing and financing work with potential investors, introduce strategic investors and optimize the capital structure.

III. ASSET DISPOSAL PLAN

Pursuant to the relevant documents of the non-performing asset disposal project in Taiyuan City, the Company is actively processing the real estate ownership certificates, which are expected to be completed by the end of this year. Upon completion of the certificates, the Company will convene a general meeting of shareholders to deliberate on the disposal matters, and formally implement the disposal after the conditions are satisfied, which is expected to be completed in the third to fourth quarter of 2026 to improve the liquidity of the Company.

The Company is actively processing the real estate ownership certificates, which are expected to be completed by the end of the year. Upon completion of the real estate ownership certificates, the Company will convene a general meeting of shareholders in respect of the disposal of the real estate, obtain the approval of the general meeting of shareholders, and conduct the formal disposal process after satisfying the disposal conditions.

The completion of the disposal is expected to be in the third and fourth quarters of 2026.

IV. OPTIMIZATION OF BUSINESS OPERATIONS

The Company is actively promoting customer diversification to reduce its reliance on a single customer. At present, three new customers have entered into substantive cooperation, including the signing of research and development contracts, the development of high-end intelligent civil products and the acquisition of scientific research procurement business, so as to continuously optimize the customer structure and revenue sources. The Company is gradually increasing its production capacity with the surplus funds from daily operations, and will carry out a comprehensive technological transformation after the liquidity problem is resolved.

The cooperation with the above three new customers is progressing steadily. Another three new customers have started supply and received partial payment.

V. AUDIT OPINION AND THE POSITIONS OF THE BOARD AND THE AUDIT COMMITTEE

1. The auditors indicated that excessively high current liabilities are the main reason for issuing the disclaimer of opinion. If the Company can provide sufficient evidence to prove that the liability position can be reversed, the auditors will consider lifting the disclaimer.

2. The Board and the Audit Committee concur with the management's judgment and are fully confident in restoring normal operations and eliminating the audit disclaimer through measures including placing, debt restructuring, bank loan renewal, financial support from major shareholders, asset disposal, revenue enhancement and cost reduction.

3. Given the significant uncertainties in negotiations with creditors, the Company will expedite the progress of all negotiations and implementation.

The Company will continue to perform its information disclosure obligations in strict accordance with the relevant laws, regulations and regulatory requirements in light of the progress of the relevant matters. Investors are advised to pay attention to the announcements of the Company and exercise caution in their investment decisions.

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

Taiyuan City, Shanxi Province, the PRC, 25 March 2026

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*