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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of Shanxi Changcheng Microlight Equipment Co. Ltd.\* (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 (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, 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; there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purposes only

## ANNUAL RESULTS

The board of the Directors (the “**Board**”) of the Company hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”). The consolidated annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”). This annual results announcement is prepared on the basis of the audited financial results of the Group for the year ended 31 December 2025 and contains the audited consolidated financial statements of the Group for the year ended 31 December 2025.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>REVENUE</b>	4	<b>18,477</b>	17,143
Cost of sales		<u>(12,098)</u>	<u>(10,715)</u>
<b>Gross profit</b>		<b>6,379</b>	6,428
Other income, gains and loss, net	5	<b>2,554</b>	9,883
Selling and distribution expenses		<b>(446)</b>	(477)
Impairment loss of			
– trade receivables		<b>(260)</b>	(10,177)
– other receivables		<b>(225)</b>	(103)
Administrative and other operating expenses		<b>(21,648)</b>	(29,207)
Finance costs	6	<u>(11,205)</u>	<u>(9,967)</u>
<b>LOSS BEFORE TAX</b>		<b>(24,851)</b>	(33,620)
Income tax expense	7	<u>–</u>	<u>–</u>
<b>LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	8	<u><b>(24,851)</b></u>	<u>(33,620)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>(24,911)</b>	(33,534)
Non-controlling interests		<u><b>60</b></u>	<u>(86)</u>
		<u><b>(24,851)</b></u>	<u>(33,620)</u>
<b>Loss per share attributable to owners of the Company</b>		<b>RMB</b>	<b>RMB</b>
– Basic and diluted	9	<u><b>(0.08)</b></u>	<u>(0.11)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

		<b>31 December</b>	31 December
		<b>2025</b>	2024
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>125,431</b>	129,884
Right-of-use assets		<b>8,486</b>	8,779
		<u><b>133,917</b></u>	<u>138,663</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>13,878</b>	9,279
Trade and bill receivables	<i>11</i>	<b>3,476</b>	5,881
Prepayments and other receivables		<b>8,527</b>	8,759
Bank and cash balances		<b>383</b>	292
		<u><b>26,264</b></u>	<u>24,211</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>8,407</b>	8,832
Accruals and other payables		<b>192,606</b>	179,503
Contract liabilities		<b>5,997</b>	5,642
Amounts due to shareholders		<b>25,649</b>	8,832
Bank and other borrowings		<b>79,451</b>	11,180
Deferred government grants		<b>2,200</b>	2,200
		<u><b>314,310</b></u>	<u>216,189</u>
<b>NET CURRENT LIABILITIES</b>		<u><b>(288,046)</b></u>	<u>191,978</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>(154,129)</b></u>	<u>53,315</u>

	<b>31 December 2025</b>	31 December 2024
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Amounts due to shareholders	2,273	17,210
Bank and other borrowings	–	58,826
Deferred government grants	<b>10,370</b>	12,570
	<u>12,643</u>	<u>88,606</u>
<b>NET LIABILITIES</b>	<b><u>(166,772)</u></b>	<b><u>(141,921)</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	30,886	30,886
Reserves	<b>(197,521)</b>	(172,610)
Deficit attributable to owners of the company	<b>(166,635)</b>	(141,724)
Non-controlling interests	<b>(137)</b>	(197)
<b>TOTAL DEFICIT ON EQUITY</b>	<b><u>(166,772)</u></b>	<b><u>(141,921)</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Shanxi Changcheng Microlight Equipment Co. Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 10 November 2000 as a joint stock limited company. The Company’s H shares are listed on GEM of The Stock Exchange of Hong Kong Limited with effect from 18 May 2004. The addresses of the registered office and principal place of business of the Company is No.7 Dianzi Street, Demonstration Zone, Shanxi, The PRC.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in design, research, development, manufacture and sale of image transmission fiber optic products.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company, and all values are rounded to thousand (RMB’000), unless otherwise stated.

### 2. GOING CONCERN BASIS

The Group incurred a loss of approximately RMB24,851,000 for the year ended 31 December 2025 and the Group had net current liabilities and net liabilities of approximately RMB288,046,000 and RMB166,772,000 respectively as at 31 December 2025. In addition, as at 31 December 2025, the Group had outstanding bank and other borrowings and amounts due to shareholders amounting to approximately RMB79,451,000 and RMB27,922,000 respectively, of which (i) the bank and other borrowings amounted to approximately RMB79,451,000 have been overdue for repayments or due for repayments within the next twelve months and (ii) the amount due to shareholders amounted to approximately RMB25,649,000 would be due for repayment within the next twelve months or repayment on demand, while its cash and cash equivalents amounted to approximately RMB383,000 as at 31 December 2025. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

To address the liquidity pressure, the directors have been actively implementing several plans and measures as mentioned below. These plans and measures mainly include: (i) proposing a rights issue; (ii) negotiating with the Group’s existing lenders for the reduction of borrowing interest rates and the extension of loan repayment terms; (iii) obtaining financial assistance from a major shareholder; and (iv) maintaining stable cooperation with existing customers to ensure steady revenue sources.

The directors are of the opinion that, taking into consideration the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2025. Accordingly, the directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financing and operating cash flows through: (i) the completion of the rights issue; (ii) successfully negotiating with the Group's existing lenders for the reduction of borrowing interest rates and the extension of loan repayment terms; (iii) successfully obtaining financial assistance from a major shareholder as and when needed; and (iv) maintaining stable cooperation with existing customers to ensure steady revenue sources.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2025.

### **3. MATERIAL ACCOUNTING POLICIES**

#### **3.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which in collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of Hong Kong Stock Exchange Limited.

The HKICPA has issued certain amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

### **3.2 Basis of preparation of the consolidated financial statements**

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

### **3.3 Adoption of new or amended HKFRSs and changes in other accounting policies**

#### **(i) Changes in accounting policies**

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 21 – Lack of exchangeability

The adoption of new or amended HKFRSs has no material impact on the Group’s results, financial position and accounting policies.

**(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025**

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7, Contracts referencing nature – dependent electricity	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 – Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HK-Int 5, Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2027
Amendments to HKAS 21, Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

#### 4. REVENUE AND OPERATING SEGMENT INFORMATION

The Group’s revenue and results from business were mainly derived from its sale of fiber optic inverters, fiber optic straight plates, fiber optic face plates, fiber optic tapers and microchannel plates (collectively referred to as “**Fiber Optic Products**”), which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the directors, being the chief operating decision maker (“**CODM**”), for purposes of resource allocation and performance assessment. The measures segment results, segment assets and segment liabilities are consistent with the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position which are reported internally to the CODM. Accordingly, no segment analysis is presented other than entity-wide disclosures.

##### Entity-wide disclosures

###### (a) *Information about products*

The following table sets forth the total sales to external customers by product and the percentage of total revenue by product during the year:

	2025		2024	
	<i>RMB’000</i>	%	<i>RMB’000</i>	%
Fiber optic inverters	10,183	55	7,014	41
Fiber optic straight plates	–	–	198	1
Fiber optic face plates	503	3	942	5
Fiber optic tapers	1,299	7	1,375	8
Microchannel plates	6,492	35	7,614	45
	<u>18,477</u>	<u>100</u>	<u>17,143</u>	<u>100</u>

**(b) Geographical information**

The Group principally operates in the PRC and the Group's non-current assets are all located in Shanxi, the PRC.

The following is an analysis of the Group's revenue from external customers by geographical location:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
The PRC	<b>17,606</b>	15,402
Russia	–	365
Europe	<b>719</b>	1,293
Hong Kong	<b>152</b>	83
	<b>18,477</b>	17,143

**(c) Revenue from major customers**

Revenue from major customers, each of whom set out below:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Customer A	<b>15,491</b>	11,204
Customer B	N/A*	2,632

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the year.

**(d) Disaggregation of revenue from contracts with customers**

Revenue from sales of fiber optic products is recognised at a point in time when the control of the goods are transferred to customers.

The Group manufactures and sells of fiber optic products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 5. OTHER INCOME, GAINS AND LOSS, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Deferred government grants released to profit or loss	2,200	2,200
Waiver of other borrowing interest	–	7,475
Bank interest income	3	1
Foreign exchange gain	10	15
Government grants	130	–
Gain on disposal of property, plant and equipment	17	–
Others	194	192
	<u>2,554</u>	<u>9,883</u>

## 6. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on a bank borrowing	754	436
Interest on other borrowings	8,560	7,841
Interest on amounts due to shareholders	1,891	1,690
	<u>11,205</u>	<u>9,967</u>

## 7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and the PRC Enterprise Income Tax has been made in the consolidated financial statements as the Group had no assessable profits arising in or derived from Hong Kong and PRC for both of the years presented.

The Group has reviewed the OECD's Pillar Two model rules and the related legislation enacted or substantively enacted in the jurisdictions in which it operates. As the Group's consolidated revenue is below the €750 million threshold required for the application of the Pillar Two global minimum tax, the legislation is currently not expected to have any material impact on the Group's consolidated financial statements. The Group has applied the mandatory exception under the HKAS 12 amendment to neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

According to the applicable Enterprise Income Tax Law of the PRC, the Company, which operates in the Taiyuan Economic and Technology Development Zone (太原經濟技術開發區) of the PRC, and which is registered as a New and High Technical Enterprise (高新技術企業), is entitled to a concessionary Enterprise Income Tax rate of 15% over 3 years, beginning on 29 November 2018. The certificate was renewed on 7 December 2021, so the Company is entitled to another concessionary Enterprise Income Tax rate of 15% over 3 years, until 6 December 2024. For the year ended 31 December 2024, the Company was entitled to a concessionary Enterprise Income Tax rate of 15%. The certificate expired on 6 December 2024 and has not been renewed by the Company. Accordingly, for the year ended 31 December 2025, the Company is subject to the statutory Enterprise Income Tax rate of 25%.

## 8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Auditors' remuneration:		
– Audit services	<b>550</b>	550
	<b>550</b>	550
Cost of inventories sold	<b>12,098</b>	10,715
Depreciation of property, plant and equipment	<b>4,792</b>	4,876
Depreciation of right-of-use assets	<b>293</b>	293
Research and development costs	<b>1,025</b>	971
Impairment loss of investments in associates	<b>55</b>	73
Impairment loss of:		
– trade receivables	<b>260</b>	10,177
– other receivables	<b>225</b>	103
	<b>485</b>	10,280
Staff costs including directors' remuneration:		
Salaries and allowances	<b>11,873</b>	11,244
Pension scheme contributions	<b>3,661</b>	4,320
	<b>15,534</b>	15,564

## 9. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the year ended 31 December 2025 of approximately RMB24,991,000 (2024: RMB33,534,000) and 308,860,000 (2024: 308,860,000) ordinary shares in issue during the year.

### Diluted loss per share

No diluted loss per share is presented as there were no diluted potential ordinary shares in issue during the years ended 31 December 2025 and 2024.

## 10. DIVIDENDS

The directors do not recommend the payment of any dividend for each of the years ended 31 December 2025 and 2024.

## 11. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	24,670	27,247
Bills receivables	432	–
Provision for loss allowance	<u>(21,626)</u>	<u>(21,366)</u>
Trade and bill receivables, net	<u><u>3,476</u></u>	<u><u>5,881</u></u>

Trade receivables are past due when a counterparty has failed to make a payment when contractually due. Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 0 to 90 days (2024: 0 to 90 days) from payment application date.

The aging analysis of the trade and bill receivables based on the invoice date and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 – 90 days	2,065	5,561
91 – 180 days	193	320
181 – 365 days	73	–
Over 1 year	<u>1,145</u>	<u>–</u>
	<u><u>3,476</u></u>	<u><u>5,881</u></u>

## 12. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 90 days	<b>544</b>	245
91 to 180 days	<b>35</b>	360
181 to 365 days	<b>19</b>	403
Over 1 year	<b>7,809</b>	7,824
	<hr/>	<hr/>
	<b>8,407</b>	8,832
	<hr/> <hr/>	<hr/> <hr/>

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The auditor of the Company issues a Disclaimer of Opinion on the consolidated financial statements of the Group for the year ended 31 December 2025. The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2025.

### **DISCLAIMER OF OPINION**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR DISCLAIMER OF OPINION**

#### **Multiple Uncertainties Related to Going Concern**

We draw attention to note 2 to the consolidated financial statements which mentions that, the Group incurred a loss of approximately RMB24,851,000 for the year ended 31 December 2025 and as of 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB288,046,000 and RMB166,772,000 respectively. In addition, as at 31 December 2025, the Group had outstanding bank and other borrowings and amounts due to shareholders amounted to approximately RMB79,451,000 and RMB27,922,000 respectively, of which (i) the bank and other borrowings amounted to approximately RMB79,451,000 have been overdue for repayments or due for repayments within the next twelve months and (ii) the amount due to shareholders amounted to approximately RMB25,649,000 would be due for repayment within the next twelve months or repayable on demand, while its cash and cash equivalents amounted to approximately RMB383,000 as at 31 December 2025. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have been implementing several plans and measures to improve the Group's liquidity and financial position, which are set out in note 2 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures as mentioned below, which are subject to multiple uncertainties. These plans and measures mainly include: (i) successfully completing the rights issue transaction; (ii) successfully negotiating with the Group's existing lenders for the reduction of borrowing interest rates and the extension of loan repayment terms; (iii) successfully obtaining financial assistance from a major shareholder; and (iv) successfully maintaining stable cooperation with existing customers and ensuring steady revenue sources.

Given that the Group's plans and measures to address the going concern uncertainties are either at a preliminary stage or still in progress, and certain plans and measures are in the absence of written contractual agreements or other documentary supporting evidence from relevant counterparties as at the date the consolidated financial statements were approved and authorised for issue, we were unable to obtain sufficient appropriate audit evidence that we considered necessary to assess the assumptions and judgments supporting the directors' assessment of the Group's ability to continue as a going concern and the likelihood of success of the Group's plans and measures mentioned above. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the appropriateness of the directors' use of the going concern basis of accounting and the adequacy of the related disclosures in the consolidated financial statements.

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

In the absence of sufficient appropriate audit evidence of the above, we were unable to ascertain whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Business of the Group*

Since the listing of the Company and its subsidiaries (together the “**Group**”) on GEM of the Stock Exchange in 2004, the Group has been engaging in the design, research, development, manufacture and sale of image transmission fiber optic products as its principal business. Image transmission fiber optics products manufactured by the Group are image transmission devices containing a rigidly bundle of optical fibers arranged in an ordered fashion so that images can be transmitted from one end of the optical fiber bundle and displayed on the other end of the bundle. A typical image transmission fiber optic product of the Group would consist of over 10 million optical fibers.

At present, the Group produces five main products, including fiber optic inverters, fiber optic straight plates, fiber optic face plates, fiber optic tapers and microchannel plates. Although fiber-optic imaging devices (fiber optic inverters, fiber optic face plates, fiber optic tapers and microchannel plates) have been increasingly used in medical imaging equipment, digital photography, physics, biochemistry and other civilian applications in recent years, they are currently mainly used in military low-light night vision devices and military low-light night vision video systems. Its customers are mainly located at China, Russia and the other European countries.

#### *Image Transmission Fiber Optic Production Improvement Measures and Technology Upgrade*

The Group continues to implement various measures (the “**Operational Measures**”) to improve the business capabilities of the Group.

In view of the image transmission fiber optic production technology upgrade, the Group received a subsidy from the industrial transformation and upgrading fund in the amount of RMB20,000,000 (the “**ITU Fund**”) from the government of Taiyuan City, Shanxi Province on 26 December 2018, which specifically supports the industrial transformation and upgrading and technological transformation project of the Group.

The Group’s refinancing exercises failed to be conducted smoothly, which caused the failure of the Group to proceed technological upgrading and transformation as scheduled. During the year, the Group will restart its refinancing initiatives and the technical upgrading and transformation projects as and when appropriate.

## Financial Position and Going Concern Issue

As at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB288,046,000 and RMB167,772,000 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

To improve the financial position of the Group, the directors of the Company have implemented, including but not limited to, the following measures (the “**Financial Measures**”):

(i) at capital level:

Introducing new strategic investors into the private placement of new shares/bonds, and negotiating and implementing capital operation proposals with shareholders and potential investment institutions;

(ii) at the operational level:

Revitalizing the long-term assets and planning to lease out the properties temporarily not used in the Company's business operations, so as to increase the property income; developing new products for extending the downstream of the industrial chain and strengthening the existing sales forces and introducing more capable strategic sales agencies; and taking the advantage of the technological advantages accumulated by the Company in the field of military products to expand into the field of civilian products and increase new customers and income sources; and

(iii) in respect of liabilities:

(i) negotiating and implementing debts restructuring plan with shareholders, lenders and bankers; (ii) negotiating and implementing loan interest reduction plan with shareholders and lenders; (iii) negotiating extension repayment plan with creditors; and (iv) seeking further financial support from substantial shareholders and lenders.

Details of the implemented Financial Measures are as follows:

In the fourth quarter of 2022, the Company entered into a revised loan agreement with Taiyuan Changcheng Optics Electronics Industrial Company Limited (“**Taiyuan Changcheng**”), a substantial shareholder of the Company, pursuant to which Taiyuan Changcheng has agreed to extend the term of existing loan to the Company in the principal amount of RMB14,600,000 to 31 December 2026, commencing from 1 January 2022 to 31 December 2026, and delay the payment of interest for the years ended 31 December 2022, 2023, 2024 and 2025 to 2026. In the fourth quarter of 2022, the Company entered into revised loan agreements with two other lenders, pursuant to which two other lenders have agreed to extend the term of existing loans to the Company to 31 December 2026, and delay the payment of interest for the years ended 31 December 2023, 2024 and 2025 to 2026.

One other lender offers waiver of interest payable from the date of first loan to 31 March 2023, and delays the payment of interest for the period from 1 April 2023 to 31 December 2023, and the years ended 31 December 2024 and 2025 to 2026. The above amendments to the terms of the loans are collectively referred to as (the “**Loan Amendments**”).

In 31 December 2025, the Group’s outstanding bank borrowing is in the amount of approximately RMB6,755,000.

## **Financial Review**

For the year ended 31 December 2025, the revenue of the Group was approximately RMB18,477,000 (2024: RMB17,143,000), representing an increase of approximately 7.8% as compared to the corresponding financial period in 2024.

Due to conflicts in neighboring countries causing global instability, logistical adjustments were necessitated for cross-border freight operations. Following mutual agreements with clients, the fulfillment of pending orders was deferred, thereby contributing to a decline in 2025 revenue.

For the year ended 31 December 2025, the cost of sale of the Group was approximately RMB12,098,000 (2024: RMB10,715,000), representing an increase of approximately 12.9% as compared to that of the last financial year. The increase was mainly due to the increase in sales revenue and corresponding increase in cost of sales.

For the year ended 31 December 2025, The gross profit margin of the Group was 34.5% (2024: 37.5%). Due to the impact of the international situation, the export of the Group’s products was hindered. The gross profit margin decreased in 2025 as the Group primarily focused on domestic sales in 2025.

For the year ended 31 December 2025, the Group recorded other income, gains and losses amounting to approximately RMB2,554,000 (2024: RMB9,883,000), representing a decrease of approximately RMB7,329,000 as compared to the last financial year. The details of other income, gains and losses are set out in note 5.

For the year ended 31 December 2025, the Group recorded administrative and other operating expenses of approximately RMB21,648,000 (2024: RMB29,207,000), representing a decrease of approximately RMB7,559,000 as compared to the corresponding financial period in 2024.

For the year ended 31 December 2025, the Group recorded finance costs of approximately RMB11,205,000 (2024: RMB9,967,000), representing an increase of approximately RMB1,238,000 as compared to the corresponding financial period in 2024. The details of finance costs are set out in note 6.

For the year ended 31 December 2025, the loss after tax of the Group was approximately RMB24,851,000 (2024: loss of RMB33,620,000).

### **Connected Transactions and Financial Assistance from Taiyuan Changcheng, Beijing Gensir and Connected Persons**

The Group obtained financial assistance from Taiyuan Changcheng, a substantial shareholder of the Company. As at 31 December 2025, the amount due to Taiyuan Changcheng was approximately RMB25,649,000 (2024: RMB23,801,000).

The Group obtained financial assistance from Beijing Gensir, a substantial shareholder of the Company. As at 31 December 2025, the amount due to Beijing Gensir was approximately RMB2,273,000 (2024: RMB2,240,000).

The Group obtained financial assistance from two connected persons (the “**Connected Persons**”). As at 31 December 2025, the amount due to Connected Persons was approximately RMB782,000 (2024: RMB757,000).

For the year ended 31 December 2025, total interest charged by Taiyuan Changcheng, Beijing Gensir and Connected Persons was approximately RMB1,848,000 (2024: RMB1,651,000), RMB43,000 (2024: RMB43,000) and RMB25,000 (2024: RMB25,000) respectively. The directors of the Company consider that the interest charged by Taiyuan Changcheng, Beijing Gensir and Connected Persons are based on normal commercial terms or better. The financial assistances and interest expenses are exempted from connected transaction requirements.

## **Bank and Other Borrowings**

As at 31 December 2025, the Group had an outstanding bank borrowing in the amount of approximately RMB6,755,000 (2024: RMB6,000,000).

As at 31 December 2025, the Group had outstanding other borrowings in the amount of approximately RMB72,696,000 (2024: RMB64,006,000), including non-current portion of approximately RMBNil (2024: RMB58,826,000) and current portion of approximately RMB72,696,000 (2024: RMB5,180,000).

## **Liquidity and Financial Resources**

As at 31 December 2025, the total assets of the Group decreased by approximately RMB2,693,000 to approximately RMB160,181,000 as compared to approximately RMB162,874,000 as at the end of the previous financial period, representing a decrease of approximately 1.7%.

As at 31 December 2025, the total liabilities of the Group increased by approximately RMB22,158,000 to approximately RMB326,953,000 as compared to approximately RMB304,795,000 as at the end of the previous financial period, representing an increase of approximately 7.3%.

As at 31 December 2025, the total deficit on equity of the Group increased by approximately RMB24,851,000 to approximately RMB166,772,000 as compared to approximately RMB141,921,000 as at the end of the previous financial period.

## **Gearing Ratio**

As at 31 December 2025, the gearing ratio (defined as net debt divided by total share capital plus net debt) of the Group was approximately 185% (2024: 200%).

## **Significant Investment Held**

As at 31 December 2025, the Group held interests in associates with the carrying value of RMBNil (2024: RMB Nil).

## **Acquisition and Disposal of Subsidiaries**

The Group had no acquisition and disposal of subsidiaries during the year ended 31 December 2025.

## **Pledge of Assets**

As at 31 December 2025, certain buildings at carrying amount of approximately RMB38,684,000 (2024: RMB40,093,000) were pledged to secure a bank borrowing to the Group.

As at 31 December 2025, the Group's right-of-use assets located at No. 7 Dianzi Street, Demonstration Zone, Shanxi, the PRC was pledged to secure a bank borrowing to the Group.

## **Contingent Liabilities**

As at 31 December 2025, the Group had no contingent liabilities.

## **Exposure of Fluctuation in Exchange Rates**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets, and liabilities are principally denominated in the functional currency of the Group.

## **Additional Information Relating to the Disclaimer of Opinion**

The auditors of the Company issued disclaimer of opinion in the independent auditors' report relating to the audit of the consolidated financial statements of the Group for the year ended 31 December 2025. In view of removing the disclaimer of opinion, the Board will formulate and consider the following action plan:

- (i) The management will continue to strengthen and implement financial measures and operational measures to ensure that the Group's operation be able to recover rapidly;
- (ii) The Company has engaged a legal team to conduct a comprehensive review of its Articles of Association and other internal regulations, in accordance with relevant external regulatory requirements. It intends to commence the deliberation process for the amended Articles and internal rules as soon as possible. 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 further optimize its capital structure.

- (iii) The loans owed by the Company to Taiyuan Changcheng Optics Electronics Industrial Company Limited (“**Taiyuan Changcheng**”) (a substantial shareholder of the Company) and two other lenders will expire on 31 December 2026. In 2025, the Company negotiated a loan extension with such creditors, with the expected repayment date for the extended loans set for 31 December 2029.
- (iv) The Company is negotiating a debt restructuring plan with two other lenders to ease short-term cash flow pressure.
- (v) The Company has reached a preliminary consensus with the lenders on the interest reduction of the loans from the aforementioned one shareholder and two other lenders, 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 2026.

### **Events After the Reporting Period**

The directors of the Company have been taking steps to improve the liquidity position of the Group. These steps include (i) negotiating and implementing debts restructuring plan with shareholders, lenders and bankers; (ii) negotiating and implementing loan interest reduction plan with shareholders and lenders; (iii) negotiating extension repayment plans with creditor; (iv) seeking further financial support from substantial shareholders and lenders; and (v) seeking and communicating with customers on the sales of fiber optic products.

### **HUMAN RESOURCES**

As at 31 December 2025, the Group had approximately 276 full-time employees. The Group remunerates its employees based on their experience, performance and value, which they contribute to the Group.

### **OTHER INFORMATION**

#### **Corporate Governance Code**

In connection with the listing of the Company on the Stock Exchange in February 2004, the Company adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix C1 to the Listing Rules. The Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2025.

## **Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiry, the Company confirmed that all Directors have complied with the Model Code throughout the year ended 31 December 2025.

## **ANNUAL GENERAL MEETING**

The date of the annual general meeting of the Company (the “**AGM**”) to receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditor of the Company for the year ended 31 December 2025 will be announced in due course. The notice and circular convening the AGM will be published and dispatched to the shareholders in accordance with the requirements of the Listing Rules in due course. Shareholders should refer to details in the circular of the Company regarding the AGM, the notice of AGM and the form of proxy.

## **SCOPE OF WORK OF BEIJING XINGHUA CAPLEGEND CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, Beijing Xinghua Caplegend CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Beijing Xinghua Caplegend CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Beijing Xinghua Caplegend CPA Limited on the preliminary announcement.

## **REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE**

As at the date of this announcement, the Audit Committee comprises all the independent non-executive Directors, namely Mr. Xu Yongfeng (the Chairman), Mr. Wang Weizhong and Mr. Rong Fei. The Audit Committee has reviewed together with the management and the independent auditor the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the consolidated financial statements. The Audit Committee has also reviewed the annual results of the Group for the year ended 31 December 2025.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.sxccoe.com](http://www.sxccoe.com)) in due course. The 2025 annual report of the Company will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Taiyuan City, Shanxi Province, the PRC, 30 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 nonexecutive directors, namely Mr. Xu Yongfeng, Mr. Wang Weizhong and Mr. Rong Fei.*

*This announcement will remain on the "Latest Listed Company Information" page of the GEM website at "[www.hkgem.com](http://www.hkgem.com)" 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](http://www.sxccoe.com)".*