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China Hongguang Holdings Limited
中國宏光控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8646)

2025 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of China Hongguang Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025. This announcement, containing the full text of the 2025 annual report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of annual results.

By Order of the Board
China Hongguang Holdings Limited
LIN Weishan
Chairwoman and Executive Director

Hong Kong, 31 March 2026

As at the date of this announcement, the Executive Directors are Mr. WEI Jiakun, Ms. LIN Weishan, and Ms. LI Wanna; and the Independent Non-Executive Directors are Ms. MAO Shue, Mr. JIA Xiaogang and Mr. WU Yong.

*This announcement, for which the directors of the Company (the "**Directors**") collectively and individually accept full responsibility, includes particulars given in compliance with 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, and there are no other matters the omission of which would make any statement in this announcement misleading.*

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the website of the Company at www.hongguang.hk.

CHINA HONGGUANG HOLDINGS LIMITED

中國宏光控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8646

2025 Annual Report

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (collectively the "Directors" and individually a "Director") of China Hongguang Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 report 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 report misleading.

This report will be available on the Company's website www.hongguang.hk and will remain on the "Latest Listed Company Information" page on the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. WEI Jiakun *(Chief Executive Officer)*
Ms. LIN Weishan *(Chairwoman)*
Ms. LI Wanna
Mr. CHEN Biming (resigned on 11 July 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. MAO Shue (appointed on 25 March 2025)
Mr. JIA Xiaogang
Mr. WU Yong
Ms. CHEN Xiuyan (resigned on 25 March 2025)

AUDIT COMMITTEE

Ms. MAO Shue *(Chairwoman)*
(appointed on 25 March 2025)
Mr. JIA Xiaogang
Mr. WU Yong
Ms. CHEN Xiuyan *(Chairwoman)*
(resigned on 25 March 2025)

REMUNERATION COMMITTEE

Mr. WU Yong *(Chairman)*
Ms. MAO Shue (appointed on 25 March 2025)
Mr. JIA Xiaogang
Ms. CHEN Xiuyan (resigned on 25 March 2025)

NOMINATION COMMITTEE

Mr. JIA Xiaogang *(Chairman)*
Ms. MAO Shue (appointed on 25 March 2025)
Mr. WU Yong
Ms. CHEN Xiuyan (resigned on 25 March 2025)

JOINT COMPANY SECRETARIES

Ms. LUI Mei Ka
Mr. WENG Weilin

AUTHORIZED REPRESENTATIVES

Mr. WEI Jiakun
Mr. WENG Weilin

COMPLIANCE OFFICER

Mr. WEI Jiakun

AUDITOR

Prism Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
1903-05, 19/F,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Eastside of Middle of Rongchi Road
Xianqiao, Rongcheng, Jieyang
Guangdong, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1202, 1204–06, 12th Floor
The Chinese Bank Building
61 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Jieyang Branch
Middle Section of Meiyang Road
Dongshan, Rongcheng
Jieyang, Guangdong
the PRC

Bank of China Limited
Jieyang Branch
Linjiang North Road North
Xiaocui Road East, Dongshan
Rongcheng
Jieyang, Guangdong
the PRC

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Central, Hong Kong

STOCK CODE

8646

COMPANY WEBSITE ADDRESS

www.hongguang.hk

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present the annual results report of China Hongguang Holdings Limited and its subsidiaries (collectively, "China Hongguang" or the "Group") for the year ended 31 December 2025.

The Group primarily engages in the production and sales of glass products in Southern China. In recent years, leveraging our technological advancements, particularly in coating technologies, the Group has been actively transforming its business. Our coated glass products, including ITO conductive glass manufactured through our fully automated magnetron sputtering production lines, have been increasingly applied in the broader optoelectronic sector, such as mobile consumer electronics, display technologies, optical lenses and automotive applications. This transition marks a strategic shift towards higher value-added segments with stronger and more diversified market demand. The goal of our future development is to strengthen our market position in these emerging sectors and to expand our domestic market share to capture future growth opportunities.

The listing of shares of China Hongguang on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 January 2020 marked an important milestone in the development of the Group. Funds raised from the public offer and placing of the shares of the Company have supported, and will continue to support, the Group's strategic transformation and technological upgrade. The Group has been proactively deploying resources to capture the significant development potential of the optoelectronic and related industries.

We remain cautiously optimistic that the economy of mainland China will gradually recover and regain growth momentum in 2026, which is expected to provide a more favourable environment for the Group's continued development.

The Group will continue to explore suitable acquisition and investment opportunities to enhance the value of China Hongguang, strengthen the Group's resilience and diversify its business portfolio, thereby creating new growth drivers for sustainable development.

Lastly, on behalf of the Board and the management of the Group, I would like to thank all employees for their dedicated efforts during the year, and our shareholders for their unwavering support I would also like to extend my sincere appreciation to our investors, customers, suppliers and business partners for their continued trust and support.

LIN Weishan
Chairwoman and Executive Director

31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group primarily engages in the manufacture and sale of glass products, including energy-efficient safety glass products and smart glass product in Southern China, under our own brand "Hongguang". Our energy- efficient safety glass products include coated glass, insulating glass, laminated glass and tempered glass; and our smart glass product is mainly dimming glass.

In recent years, leveraging our technological advancements, particularly in coating technologies, the Group has been actively transforming its business. Our coated glass products, including ITO conductive glass manufactured through our fully automated magnetron sputtering production lines, have been increasingly applied in the broader optoelectronic sector, such as mobile consumer electronics, display technologies, optical lenses and automotive applications. This transition marks a strategic shift towards higher value-added segments with stronger and more diversified market demand. The goal of our future development is to strengthen our market position in these emerging sectors and to expand our domestic market share to capture future growth opportunities.

BUSINESS REVIEW

The Board hereby presents the Group's audited consolidated financial results for the year ended 31 December 2025, together with the comparative audited figures for the corresponding year ended 31 December 2024.

FINANCIAL REVIEW

Revenue

Our revenue is generated from the sales of the following product categories: (1) energy-efficient safety glass products; and (2) smart glass product.

The table below sets forth the breakdown of the Group's revenue by product category:

	2025		2024	
	RMB'000	**%**	RMB'000	%
Sales of energy-efficient safety glass products	**237,353**	**97.85**	219,979	90.82
Sales of smart glass products	**5,226**	**2.15**	22,224	9.18
	242,579	**100.00**	242,203	100.00

For the year ended 31 December 2025, revenue arising from energy-efficient safety glass products amounted to RMB237,353 thousand (2024: RMB219,979 thousand), representing 97.85% (2024: 90.82%) of our total revenue.

For the year ended 31 December 2025, revenue arising from smart glass product amounted to RMB5,226 thousand (2024: RMB22,224 thousand).

The Group's total revenue increased 0.16% from RMB242,203 thousand for the year ended 31 December 2024 to RMB242,579 thousand for the year ended 31 December 2025.

Gross profit and gross profit margin

Our gross profit increased from RMB63,116 thousand for the year ended 31 December 2024 to RMB74,014 thousand for the year ended 31 December 2025. The increase was mainly due to the decrease in total cost of sales for the year. Our gross profit margin increased from 26.1% for the year ended 31 December 2024 to 30.5% for the year ended 31 December 2025. The increase was mainly due to the decrease in the prices of raw materials purchased. The table below sets forth the breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	2025		2024	
	RMB'000	**%**	RMB'000	%
Sales of energy-efficient safety glass products	**72,321**	**30.5**	56,230	25.6
Sales of smart glass products	**1,693**	**32.4**	6,886	31.0
Total gross profit/gross profit margin	**74,014**	**30.5**	63,116	26.1

Other net income

The Group's other net income decreased from RMB6,185 thousand for the year ended 31 December 2024 to RMB2,773 thousand for the year ended 31 December 2025, which was mainly due to the decrease in government grants from RMB5,813 thousand in 2024 to RMB1,962 thousand in 2025.

Cost of sales

The Group's cost of sales decreased from RMB179,087 thousand for the year ended 31 December 2024 to RMB168,565 thousand for the year ended 31 December 2025.

Sales and marketing expense

The Group's sales and marketing expense decreased from RMB563 thousand for the year ended 31 December 2024 to RMB453 thousand for the year ended 31 December 2025.

General and administrative expense

The Group's general and administrative expense largely decreased from RMB40,987 thousand for the year ended 31 December 2024 to RMB7,451 thousand for the year ended 31 December 2025 which was mainly due to the reversal of impairment losses on trade and bill and other receivables.

Finance costs

The Group's finance costs decreased from RMB4,126 thousand for the year ended 31 December 2024 to RMB3,146 thousand for the year ended 31 December 2025, which was mainly due to the decrease of interest on other borrowings.

Staff costs

The Group's staff costs decreased from RMB6,049 thousand for the year ended 31 December 2024 to RMB5,258 thousand for the year ended 31 December 2025, which was mainly due to a reduction in headcount.

Income tax expense

The Group's income tax expense increased from RMB2,484 thousand for the year ended 31 December 2024 to RMB8,697 thousand for the year ended 31 December 2025 which was mainly due to Jieyang Hongguang Coated Glass Co., Ltd.* (揭陽市宏光鍍膜玻璃有限公司), our indirect wholly-owned subsidiary, recording a stronger gross profit than last year, and having a higher income tax than last year.

Profit for the year

Due to the above factors, the profit after tax for the year of the Group was RMB57,040 thousand for the year ended 31 December 2025, representing an increase of approximately 169.8% from the profit after tax for the year of RMB21,141 thousand for the corresponding period in 2024 mainly due to the decrease in expenses.

Human resources and remuneration policies

As at 31 December 2025, the Group employed a total of 50 full-time employees. For the year ended 31 December 2025, the Group's staff costs, including contributions to the defined contribution retirement scheme, salaries, wages and other benefits, amounted to approximately RMB5,258 thousand.

Liquidity and financial resources

The credit risk of the Group mainly arises from trade receivables. To minimize our credit risk, the management of the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for unrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

As at 31 December 2025, the current ratio of the Group was 5.0, compared with 3.29 as at 31 December 2024. The cash and cash equivalents of the Group in aggregate amounted to RMB34,605 thousand as at 31 December 2025 (2024: RMB2,528 thousand).

For the year ended 31 December 2025, the bank loans of the Group amounted to RMB50,627 thousand (2024: RMB63,474 thousand), other borrowings amounted to RMB1,837 thousand (2024: RMB9,092 thousand) and the Group did not experience any withdrawal of facilities, default in payment of trade and other payables, bank loans and other borrowings or breach of financial covenants.

Material investments

For the year ended 31 December 2025, the Group did not acquire or hold any significant investment (2024: Nil).

* For identification purpose only

Material acquisitions/disposals

On 13 April 2021, the Company entered into the equity sale and purchase Agreement (the "Equity Sale and Purchase Agreement") with Ming Liang Global Limited ("Ming Liang Global"), the immediate holding company of the Group, pursuant to which the Company has agreed conditionally to acquire, and Ming Liang Global has agreed conditionally to sell, the 100% of the issued share capital of a newly incorporated company which holds the entire equity interest in Guangdong Longjian Engineering Co., Ltd.

On 12 May 2022, the Company entered into a termination agreement with Ming Liang Global (the "Termination Agreement"), pursuant to which the Company and Ming Liang Global mutually agreed to terminate the Equity Sale and Purchase Agreement. For details, please refer to the Company's announcements dated 13 April 2021 and 12 May 2022.

Except as disclosed above, the Group did not have any material acquisitions/disposals of subsidiaries and associated companies for the year ended 31 December 2024 and 2023.

Capital injection

On 29 December 2023, Hongguang Glass, an indirect wholly-owned subsidiary of the Company, entered into the Capital Injection and Share Expansion Agreement with the Xuanyu Haocheng Existing Shareholders. Pursuant to the Agreement, Hongguang Glass will acquire 5% equity interest in Xuanyu Haocheng by making a contribution in kind. For details, please refer to the Company's announcements dated 29 December 2023.

Foreign exchange risk

The principal activities of the Group are conducted in the PRC, and the transactions of the Group is primarily denominated in RMB. The Group does not have any foreign currency hedging policies. However, the management monitors our foreign exchange risk and will consider hedging significant foreign currency exposure should the need arise. As at 31 December 2025 and 2024, the Group does not have any outstanding instruments for hedging purposes.

Principal risks and uncertainties faced by the Company

Principal risks and uncertainties faced by the Company in achieving its business objectives, and the solutions adopted by the Group are as follows:

Impact of local and international regulations

The business operation of the Group is subject to government policies and relevant regulations and guidelines imposed by regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the Group's business operation by the authorities. The Group closely monitors changes in government policies, regulations and the market, and conducts research to assess the impact brought by these changes.

Pledge of assets

The property, plant and equipment of the Group are located in the PRC.

For the year ended 31 December 2025, property, plant and equipment with net book values of RMB87 thousand (2024: RMB87 thousand) were pledged as security to obtain bank loans of RMB31,822 thousand (2024: RMB37,200 thousand).

At the end of the reporting period, property, plant and equipment with net book value of RMB15,160 thousand (2024: RMB17,640 thousand) were pledged under sale and leaseback arrangement.

Future plans for material investments or capital assets

As at 31 December 2025, the Group did not have plans for material investments and capital assets.

Contingent liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities (2024: Nil).

Capital structure

The shares of the Company were successfully listed on GEM of the Stock Exchange on 13 January 2020. There has been no change in the capital structure of the Group since the listing of the shares of the Company on GEM of the Stock Exchange. The share capital of the Group only comprises of ordinary shares.

Details of the movements during the year ended 31 December 2025 in the Company's share capital are set out in note 23 to the consolidated financial statements.

Disclosures under Rules 17.22 to 17.24 of the GEM Listing Rules

As at 31 December 2025, there is no circumstance which would give rise to a disclosure obligation on the part of the Group under Rules 17.22 to 17.24 of the GEM Listing Rules.

Outlook and prospects

For details, please refer to page 30 in the Directors' Report herein.

Capital commitment

As at 31 December 2025, the Group had certain outstanding capital commitments at a contracted amount of RMB24,459 (2024: Nil) for capital assets and an amount authorized but not contracted for of Nil (2024: RMB2,980 thousand).

Gearing ratio

As at 31 December 2025, the Group's gearing ratio (total loans and borrowings/total equity) was 11.3%, compared with 21.2% as at 31 December 2024.

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

EXECUTIVE DIRECTORS

Mr. WEI Jiakun (魏佳坤) ("Mr. Wei"), aged 46, was appointed as a Director of the Group on 25 May 2017. He was re-designated as an Executive Director and appointed as the Chief Executive Officer of the Group on 27 May 2019. Mr. Wei is the spouse of Ms. LIN Weishan, the Chairwoman and an Executive Director of the Group. He is primarily responsible for overseeing the day-to-day operations and overall business strategy and planning of the Group.

After Mr. Wei's graduation from Jiangxi Yuzhou Vocational College of Science and Technology* (江西渝州科技職業學院) (now known as Jiangxi University of Engineering (江西工程學院)) in July 2004 where he completed his tertiary education in business administration, he joined Jieyang Hongguang Coated Glass Co., Ltd. ("Hongguang Glass"), an indirect wholly-owned subsidiary of the Company, in August 2004 as a deputy general manager, and was further promoted as general manager in October 2006. Mr. Wei has approximately 21 years of experience in the glass processing industry.

Mr. Wei's outstanding achievements as an entrepreneur have been recognised throughout the years. In December 2009, Mr. Wei was awarded the "Guangdong Glass Industry Outstanding Entrepreneur"* (廣東玻璃行業優秀企業家) by the Guangdong Glass Association (廣東省玻璃行業協會). In 2013, Mr. Wei was honoured as a "Guangdong Entrepreneur Of Integrity"* (廣東省誠信企業家) and "Guangdong Outstanding Entrepreneur"* (廣東省優秀企業家) by the Guangdong Economist Entrepreneurs Association* (廣東省經濟學家企業家聯誼會) and the Guangdong Entrepreneurs Council* (廣東企業家理事會).

From August 2011 to July 2015, Mr. Wei also served as an executive council member for the Guangdong Glass Association (廣東省玻璃行業協會). From November 2011 to October 2016, Mr. Wei served as a member of the standing committee of the Chinese People's Political Consultative Conference ("CPPCC") of the city of Jieyang* (政協廣東省揭陽市榕城區委員會). In December 2016, Mr. Wei was appointed as an executive member of the Guangdong Vacuum Industry Technology Innovation Alliance Council* (廣東省真空產業技術創新聯盟理事會), and a vice president of the executive committee of the Jieyang Federation of Industry and Commerce (General Chamber of Commerce)* (揭陽市工商業聯合會(總商會)). In January 2017, Mr. Wei was appointed as a representative of the sixth session of the People's Congress of the city of Jieyang* (揭陽市第六屆人民代表大會).

Mr. Wei was a supervisor of Dongguan City Hongcheng Glass Company Limited* (東莞市宏成玻璃有限公司) ("Hongcheng Glass"), a company established in the PRC with limited liability, when it was dissolved on 11 May 2016 by deregistration. According to Mr. Wei, Hongcheng Glass principally engaged in manufacture and sale of glasses prior to the dissolution. Hongcheng Glass had no outstanding liabilities and had ceased to carry on business when it was dissolved. Mr. Wei was also a director and shareholder of Jieyang City Haoming Glass Company Limited* (揭陽市昊明玻璃有限公司) ("Haoming Glass"), a company established in the PRC with limited liability, when its dissolution was approved by the relevant PRC authority on 9 August 2019. As confirmed by Mr. Wei, although the business scope of Haoming Glass was the production and sales of glass products, it has never commenced any business operation since its establishment in December 2003. Haoming Glass had no outstanding liabilities when it was dissolved. Mr. Wei confirmed that no claims had been made against him and he was not aware of any threatened and potential claims made against him as a result of the dissolution of the above companies.

Ms. LIN Weishan (林偉珊) ("Ms. Lin"), aged 46, was appointed as a Director of the Group on 25 May 2017. She was re-designated as an Executive Director and appointed as the Chairwoman of the Group on 27 May 2019. Ms. Lin is the spouse of Mr. WEI Jiakun, the Executive Director and Chief Executive Officer of the Group. She is primarily responsible for overseeing the human resources, administration and finance matters of the Group. Ms. Lin graduated from Jiangxi Yuzhou Vocational College of Science and Technology* (江西渝州科技職業學院) (now known as Jiangxi University of Engineering (江西工程學院)) in July 2005 where she completed her tertiary education in accounting.

Ms. Lin has approximately 20 years of experience in the glass processing industry. Ms. Lin joined Hongguang Glass as a production coordinator in August 2005. In October 2007, she began working in the finance and accounting department of the Group as a bookkeeper. In March 2010, Ms. Lin was promoted to the position of sales manager in the Group. Since June 2011, Ms. Lin has been in charge of procurement of the Group. In January 2013, Ms. Lin was promoted to the position of deputy general manager. Since then, she has been in charge of human resources, administration and finance matters of the Group.

Ms. LI Wanna (李婉娜) ("Ms. Li"), aged 35, was appointed as an Executive Director of the Group on 27 May 2019. She is primarily responsible for the procurement of raw materials and auxiliary materials for production operations of the Group. In December 2017, Ms. Li completed a self-learning secretarial studies course at Wuhan Textile University* (武漢紡織大學).

Ms. Li has over 16 years of experience in the glass processing industry. Ms. Li joined Hongguang Glass in February 2009 as a production coordinator until December 2013, and was mainly responsible for analysing the data of the Group. In January 2014, Ms. Li was promoted to the position of procurement officer, and was in charge of procurement of raw materials and auxiliary materials of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. MAO Shue (毛淑娥) ("Ms. Mao"), aged 60, was appointed was appointed as an Independent Non-Executive Director of the Company on 25 March 2025. Ms. Mao is responsible for providing independent advice to the board of directors, and is the chairwoman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company.

Ms. Mao has approximately 34 years of experience in the accounting field. She has served as a financial executive in various commercial and industrial enterprises in Mainland China and has also gained experience in credit business operations at a state-owned bank in China. From 1986 to July 1988, Ms. Mao pursued a professional course in financial accounting at Hunan Radio and Television University. In 1996, she was awarded the Certified Accountant qualification by the Ministry of Finance of the People's Republic of China.

Mr. JIA Xiaogang (賈小剛) ("Mr. Jia"), aged 69, was appointed as an Independent Non-Executive Director of the Company on 13 January 2020. Mr. Jia is responsible for providing independent advice to the board of directors, and is the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Jia completed his tertiary education in Chinese language and literature at Hunan Radio and Television University* (湖南廣播電視大學) in July 1988.

Mr. Jia has extensive experience in the glass processing industry. He was employed at Zhuzhou Glass Factory* (株洲玻璃廠) (now known as Zhuzhou Xinguangming Glass Company Limited* (株洲新光明玻璃有限公司)) from September 1988 to December 1996. He joined the company in September 1988 and assumed various senior positions in the sales department of the company. From January 1997 to November 2008, he was employed by and assumed various senior positions in two other companies in the PRC engaging in glass manufacturing. He established a company called Zhuzhou Xinrun Trading Company Limited* (株洲新潤貿易有限公司) in June 2010 and has been the director and legal representative of the company since then. He was appointed as a deputy director of China Glass Circulation Chamber of Commerce* (中國玻璃流通商會) in January 2016 and is currently serving as a consultant for the Guangdong Glass Circulation Chamber of Commerce* (廣東省玻璃流通商會).

Mr. WU Yong (吳勇) ("Mr. Wu"), aged 55, was appointed as an Independent Non-Executive Director of the Company on 13 January 2020. Mr. Wu is responsible for providing independent advice to the board of directors, and is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Wu obtained a master's degree and a doctor's degree in technical economics and management from Hehai University (河海大學) in April 2006 and December 2008, respectively.

Mr. Wu has extensive experience and knowledge in business management and finance. Since July 2008, he has been teaching at the School of Business of Nanjing Xiaozhuang University (南京曉莊學院商學院) and became a professor of the university in July 2018. Mr. Wu is also a chairman of its labor union. Since December 2014, he has been an independent director of Jiangsu Seven Continents Green Chemistry Company Limited* (江蘇七洲綠色化工股份有限公司), where he is responsible for providing independent advice to the board of directors of the company. Mr. Wu obtained his bachelor's degree in geography education from Anhui Normal University (安徽師範大學) in July 1993. From September 1993 to July 2003, he had been a teacher and deputy director of academic affairs of Anhui Province Ma'anshan No. 4 High School* (安徽省馬鞍山市第四中學).

SENIOR MANAGEMENT

Mr. ZHENG Xubin (鄭旭斌) ("Mr. Zheng"), aged 49, is the deputy general manager of Hongguang Glass, and is primarily responsible for the sales and marketing activities of the Group. He has over 20 years of experience in the glass processing industry. He joined Hongguang Glass in March 2005 as an operation manager, and became production manager in January 2011. Mr. Zheng was promoted to the position of deputy general manager in December 2013, and was primarily responsible for overseeing the sales of the Group. Mr. Zheng studied computer application and graduated from Guangzhou Township Enterprise Management Cadre College* (廣州市鄉鎮企業管理幹部學院) in July 1999.

JOINT COMPANY SECRETARIES

Mr. WENG Weilin (翁偉林) ("Mr. Weng") was appointed as the joint company secretary of the Company on 27 May 2019. Mr. Weng obtained his bachelor's degree in international business from Guangdong University of Foreign Studies* (廣東外語外貿大學) in June 2009, and his master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in September 2016. Mr. Weng joined the Group in February 2017 as an assistant to the general manager and was primarily responsible for corporate compliance and corporate secretarial matters in the PRC. Prior to joining the Group, Mr. Weng was employed as a sales executive in Shantou Institute of Ultrasonic Instruments Company Limited* (汕頭市超聲儀器研究所有限公司) from July 2009 to September 2012. From December 2014 to January 2017, Mr. Weng was appointed as deputy director of the chief executive's office at Shantou Dinfer Group Company Limited* (汕頭市鼎福集團有限公司).

Ms. LUI Mei Ka (雷美嘉) ("Ms. Lui") was appointed as the joint company secretary of the Company on 24 May 2024. Ms. Lui graduated from The Chinese University of Hong Kong with a degree in Bachelor of Business Administration and is currently a member of the Hong Kong Institute of Certified Public Accountants. Since 27 September 2018, Ms. Lui has been the chief financial officer and a joint company secretary of Feiyu Technology International Company Limited (stock code: 1022), a company listed on the Main Board of the Stock Exchange. Ms. Lui has also been an independent non-executive director of China Tangshang Holdings Limited (stock code: 674), GoFintech Quantum Innovation Limited (stock code: 290) and China Tontine Wines Group Limited (stock code: 389), companies listed on the Main Board of the Stock Exchange, since 21 April 2017, 19 September 2023 and 1 October 2024 respectively. Ms. Lui has over 17 years of experience in financial management and corporate finance. From October 2016 to July 2018, she was the chief financial officer and company secretary of GR Life Style Company Limited (formerly known as GR Properties Limited) (stock code: 108), a company listed on the Main Board of the Stock Exchange and which is engaged in property development and investment. From March 2014 to May 2016, she was the company secretary and financial controller of LT Commercial Real Estate Limited, a company previously listed on the Main Board of the Stock Exchange under the stock code 112, which was engaged in property development and investment.

* denotes the English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purposes only.

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the assets of the Group.

CORPORATE GOVERNANCE PRACTICES

As the shares of the Company were listed on GEM of Stock Exchange on 13 January 2020 (the "Listing Date"). The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") as its own code of corporate governance. The Directors consider that during the year ended 31 December 2025, save as the matter disclosed below, the Company has complied with all applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code during the year ended 31 December 2025.

BUSINESS MODEL AND STRATEGY

The Group has the mission to provide the best quality of glass products, and maintain product safety. The Board and the management have played and will continue to play a proactive role in the Group's development of business strategy to preserve the culture of the Group in improving the product quality and safety. During the meetings of the Board and top management of the Group, strategic priorities and business options were discussed and followed up on the implementation status to achieve the mission of the Group.

THE BOARD

During the year, the Board comprised the following Directors:

Executive Directors

Mr. WEI Jiakun *(Chief Executive Officer)*
Ms. LIN Weishan *(Chairwoman)*
Ms. LI Wanna

Independent Non-Executive Directors

Ms. MAO Shue (appointed on 25 March 2025)
Mr. JIA Xiaogang
Mr. WU Yong
Ms. CHEN Xiuyan (resigned on 25 March 2025)

The Company has met the requirements of the GEM Listing Rules relating to the appointment of at least three Independent Non-Executive Directors with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Directors and Senior Management" of this annual report.

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance the shareholders' value.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performances and results and the risk management and internal control systems;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or re-appointment of Board members and auditors;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividend.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates shareholders on the operations and financial position of the Group through quarterly, interim and annual results announcements as well as the publication of timely reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

In addition, the Board is responsible for, among others, performing the corporate governance duties as set out in the code provision Part 2 – A.2.1 of the CG Code, which include:

(a) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to review and monitor the Group'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 the Directors and employees; and

(e) to review the Group's compliance with the CG Code and disclosure in the corporate governance report.

The Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this annual report.

All Directors, including Independent Non-Executive Directors assume the responsibilities to shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Independent Non-Executive Directors advised the Company on strategic and critical matters. The Board considers that each Independent Non-Executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between Executive Directors and Independent Non-Executive Directors.

Each of the Executive Directors has entered into a service contract on 11 December 2019 with the Company commencing from the Listing Date for a term of three years unless terminated by either party by giving at least three months' notice in writing to the other party.

Each of the Independent Non-Executive Directors has entered into a service contract on 11 December 2019 except that service contract of Ms. MAO Shue on 25 March 2025 with the Company for an initial term of one year commencing on the Listing Date and shall continue for an additional term of one year upon expiry of the initial term unless terminated by either party by giving at least three months' notice in writing to the other party.

The appointments are subject to the provisions of the articles of association of the Company (the "Articles of Association") with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

The Executive Directors of the Company are delegated with responsibility to oversee and monitor the operation of specific business areas and to implement the strategies and policies set by the Board.

Board independence

The Company recognises that Board independence is pivotal in good corporate governance and Board effectiveness. The Board has established mechanisms to ensure independent views and input from any Director of the Company are conveyed to the Board for enhancing an objective and effective decision making. The governance framework and the following mechanisms are reviewed annually by the Board, through its Nomination and Remuneration Committee, to ensure their effectiveness:

1. Three out of the six Directors are Independent Non-Executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three Independent Non-Executive Directors and must appoint Independent Non-Executive Directors representing at least one-third of the Board.

2. The Nomination and Remuneration Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new Independent Non-Executive Director before appointment and also the continued independence of existing Independent Non-Executive Directors and their time commitments annually. On an annual basis, all Independent Non-Executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 5.09 of the GEM Listing Rules, and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments.

3. The Nomination and Remuneration Committee will conduct the performance evaluation of the Independent Non-Executive Directors annually to assess their contributions.

4. External independent professional advice is available as and when required by individual Directors.

5. All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committee meetings.

6. No equity-based remuneration with performance-related elements will be granted to Independent Non-Executive Directors.

7. A Director (including Independent Non-Executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.

BOARD MEETINGS

Pursuant to code Part 2 – C.5.1 of the CG Code, the Board should meet regularly and board meetings should be at least four times a year. Additional meetings would be arranged if and when required. Notices of not less than 14 days will be given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. Board members are provided with all agenda and adequate information for their review within reasonable time before the meetings. After the meeting, draft minutes are circulated to all Directors for comments before confirmation. Minutes of board meetings and meetings of board committees are kept by the company secretary and are available for inspection by the Directors at all times. Each Director is entitled to seek independent professional advice in appropriate circumstances at the expense of the Company.

Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

The Company held three board meetings during the year ended 31 December 2025 and complied with the code provision Part 2 – C.5.1 of the CG Code.

CHAIRMAN (CHAIRWOMAN) AND CHIEF EXECUTIVE

Code Provision Part 2 – C.2.1 of the CG Code provides that the roles of Chairman (Chairwoman) and chief executive should be separate and should not be performed by the same individual.

Ms. LIN Weishan ("Ms. Lin") is the Chairwoman of the Board and Mr. WEI Jiakun ("Mr. Wei") is the Chief Executive Officer of the Company. As disclosed Mr. Wei is the spouse of Ms. Lin. Despite their relationship, the divisions of responsibilities between the Chairwoman of the Board and the Chief Executive Office are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability.

Ms. Lin, being the Chairwoman, is responsible for providing leadership to the Board and ensuring that the Board functions effectively; that Directors receive in timely manner adequate information which is complete and reliable; and that all Directors are properly briefed on issues arising at board meetings. The Chairwoman also encourages Directors to participate actively in and to make a full contribution to the Board so that the Board acts in the best interests of the Company. Ms. Lin, being an Executive Director, is also responsible for overseeing the human resources, administration and finance matters of the Group.

Mr. Wei, being the Chief Executive Officer, is responsible for the daily operations of the Company, execution of business policies, strategies, objectives and plans as formulated and adopted by the Board and leading the management of the Company.

As at 31 December 2025, save as disclosed above, none of the Board members has any financial, business, family or other material/relevant relationships with each other.

BOARD COMMITTEES

Audit Committee

The Company established an audit committee (the "Audit Committee") on 11 December 2019 with written terms of reference by reference to the code provisions of the CG Code. The terms of reference of the Audit Committee was published on the websites of Stock Exchange and the Company.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company. The Audit Committee comprises of three members, namely Ms. MAO Shue (appointed on 25 March 2025), Mr. JIA Xiaogang and Mr. WU Yong, all being Independent Non-Executive Directors. Ms. CHEN Xiuyan served as the chairwoman of the Audit Committee between 1 January 2024 and 25 March 2025. Ms. MAO Shue was appointed as the chairwoman of the Audit Committee with effect from 25 March 2025.

During the year ended 31 December 2025, the Audit Committee held three meetings and the Audit Committee has performed the following major works:

– considered and recommended to the Board for approval of the audited consolidated financial results of the Group for the year ended 31 December 2024;

– considered and approved the accounting treatment adopted by the Group's annual reports for the year ended 31 December 2024;

– considered and recommended acceptance of the audit committee reports prepared by CCTH for the year ended 31 December 2024;

– reviewed the draft annual results announcements in relation to the audited consolidated results of the Group for the year ended 31 December 2024;

– considered and evaluated the management system adopted by the Group for internal, financial and risk management and internal control procedures;

– reviewed the compliance status of the Deed of Non-Competition;

– reviewed the effectiveness of the corporate governance measures adopted to manage any potential or actual conflict of interests between the Group and the controlling shareholders of the Company;

– reviewed and recommended to the Board for the approval of the unaudited condensed consolidated interim results and the interim report; and

– reviewed the several issues of the change of auditors.

Each of the controlling shareholders of the Company has provided with the Company a confirmation on compliance pursuant to their undertakings under the Deed of Non-Competition. The Audit Committee has reviewed the confirmations and noted that during the period from the Listing Date to 31 December 2025, each of the controlling shareholders of the Company has complied with the Deed of Non-Competition. The Audit Committee was not aware of any significant issues that would have an adverse impact on the effectiveness of the corporate governance measures.

Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") on 11 December 2019 with written terms of reference by reference to the code provisions of the CG Code. The terms of reference of the Remuneration Committee was published on the websites of Stock Exchange and the Company.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of the Group, review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensure none of the Directors determine their own remuneration. The Remuneration Committee comprises of three members, namely Mr. WU Yong, Ms. MAO Shue (appointed on 25 March 2025) and Mr. JIA Xiaogang, all being Independent Non-Executive Directors. Mr. WU Yong currently serves as the chairman of the Remuneration Committee.

During the year ended 31 December 2025, the Remuneration Committee held one meeting and the Remuneration Committee has performed the following major works:

– assessed and reviewed the performance of individual Executive Directors and senior management for the year ended 31 December 2024 and made recommendations to the Board on the 2024 discretionary bonus; and their respective remuneration packages for the year ended 31 December 2025; and

– considered and approved the recommendation of the remuneration packages of Independent Non-Executive Directors for the year ended 31 December 2025.

Pursuant to code provision Part 2 – E.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration Band	**No. of Individual**
Nil to RMB1,000,000	10

Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 11 December 2019 with written terms of reference by reference to the code provisions of the CG Code. The terms of reference of the Nomination Committee was published on the websites of Stock Exchange and the Company.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendation to the Board on any proposed changes to the Board to complement the Company's corporate strategy; identify individual suitably qualified as potential board members and select or make recommendation to the Board on the selection of individuals nominated for directorships; assess the independence of Independent Non-Executive Directors; and make recommendation to the Board on the appointment or re-appointment of Directors and succession planning of Directors, in particular that of the Chairman and the Chief Executive Officer. The Nomination Committee comprises of three members, namely Mr. JIA Xiaogang, Ms. MAO Shue (appointed on 25 March 2025) and Mr. WU Yong, all being Independent Non-Executive Directors. Mr. JIA Xiaogang currently serves as the chairman of the Nomination Committee.

During the year ended 31 December 2025, the Nomination Committee held one meeting and the Nomination Committee has performed the following major works:

– assessed the independence of the Independent Non-Executive Directors;

– recommended to the Board on re-election of retiring directors at the held annual general meeting on 30 June 2025;

– reviewed the structure, size and diversity (including but not limited to gender, age, cultural, educational background, races, professional experience, skills, knowledge and length of service) of the Board; and

– reviewed the implementation of board diversity policy adopted by the Board.

Nomination Policy

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria should be considered:

(i) the candidate's character and integrity;

(ii) the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy (as defined below) that are relevant to the Company's business and corporate strategy;

(iii) any measurable objectives adopted for achieving diversity on the Board;

(iv) for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;

(v) any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(vi) willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(vii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures

The Company has put in place the following director nomination procedures:

Appointment of New and Replacement Directors

(i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

(ii) Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee/Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

BOARD DIVERSITY POLICY

The Board recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving sustainable and balance development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. The board diversity policy (the "Policy") adopted aims to set out the approach to achieve diversity on the Board. A summary of the Policy is set out below:

Measurable Objectives and Implementation

The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service and any other factors that the Board may consider relevant and applicable from time to time. The Company will also take into consideration factors based on the Company's business model and specific needs from time to time in determining the optimum composition of the Board. The ultimate decision will be based on merit and contribution that the selected candidates may bring to the Board.

Monitoring and Reporting

The Nomination Committee will report annually, in annual report, on the Board's composition under diversified perspective, and monitor the implementation of this Policy.

Review of this Policy

The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of the Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

On recommendation from the Nomination and Remuneration Committee, the Board will set measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. Nomination and Remuneration Committee will review the Board Diversity Policy at least annually to ensure its continued effectiveness from time to time.

For the year ended 31 December 2025, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Company's Board Diversity Policy was consistently implemented. As at the date of this annual report, the Board consists of three female and three male Directors. Within 50 employees of the Group as at 31 December 2025, 32 employees were male and 18 employees are female. The Board considers that the gender diversity in respect of the Board and the Group's employees taking into account the business model and specific needs of the Company is satisfactory. The Board targets by the ends of year to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity by the end of 2026. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

ATTENDANCE RECORDS OF BOARD MEETINGS, BOARD COMMITTEES MEETINGS AND GENERAL MEETING

During the year ended 31 December 2025, the attendance records of each Director and each member of the board committees of the Company at the relevant meetings held are as follows:

	Actual Attendance/Number of Meetings a Director is entitled to attend				
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
No. of Meetings held	3	3	1	1	2
Executive Directors					
Mr. WEI Jiakun	3/3	N/A	N/A	N/A	2/2
Ms. LIN Weishan	3/3	N/A	N/A	N/A	2/2
Ms. LI Wanna	3/3	N/A	N/A	N/A	2/2
Independent Non-Executive Directors					
Ms. MAO Shue (appointed on 25 March 2025)	3/3	3/3	1/1	1/1	2/2
Mr. JIA Xiaogang	3/3	3/3	1/1	1/1	2/2
Mr. WU Yong	3/3	3/3	1/1	1/1	2/2

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a comprehensive induction package (the "Package") designed to enhance his/her knowledge and understanding the Group's culture and operations. The Package usually includes a briefing or an introduction to the Group's structure, business strategies, recent developments and governance practices.

The Group acknowledges the importance of continuing professional development for the Directors for the enhancement of corporate governance and internal control system. In this regard and in compliance with code provision Part 2 – C.1.4 of the CG Code, the Group provides funding to all Directors to participate in continuous professional development organized in the form of in-house training and seminars so as to keep them refreshed of their knowledge and skills and understanding of the Group's business and to update their skills and knowledge on the latest development and changes in the relevant statutes, the GEM Listing Rules and corporate governance practices.

According to the records kept by the Company, during the year ended 31 December 2025, each of the Directors, namely Mr. WEI Jiakun, Ms. LIN Weishan, Ms. LI Wanna, Ms. MAO Shue, Mr. JIA Xiaogang and Mr. WU Yong attended trainings that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors. Furthermore, Ms. Mao Shue (appointed on 25 March 2025) obtained the legal advice as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange as described in Rule 5.02D of the GEM Listing Rules on 24 March 2025. Ms. Mao Shue has confirmed that he/she understood his responsibilities as a director of a listed issuer.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws, disclosure provisions required of the GEM Listing Rules and disclosure requirement of Hong Kong Companies Ordinance. As at 31 December 2025, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The independent auditor's report about their reporting responsibility on the consolidated financial statements of the Group is set out in the independent auditor's report on pages 46 to 122 of this annual report.

Whistle-blowing mechanism

A Whistle-blowing Policy has been set up to encourage and allow employees to raise concerns about possible improprieties in matters of financial reporting, compliance, and other malpractices at the earliest opportunity. The audit committee has overall responsibility for the policy and has delegated the day-today responsibility of overseeing and implementing such policy to the company secretary of the Company. If any employee believes reasonably and in good faith that malpractice exists in the workplace, he/she should report immediately to his/her immediate supervisor within the department. The supervisor should then forward the concerns by email to the company secretary upon receiving reports from employees. If necessary, employees may also take the complaint directly to the chairman of the audit committee. All reports are treated confidentially, and the Group makes every effort to keep the employee's identity confidential.

Anti-corruption

There are well established lines of authority and responsibility for implementing the Anti-Bribery and Anti-Corruption ("ABAC") Policy within the Group. Every employee has the responsibility to implement, enforce and maintain the ABAC mechanism that adequately address bribery and corruption risks and promote a culture of integrity in the Group. Regular trainings/reminders are provided/sent to the employees.

AUDITOR'S REMUNERATION

During the year, the remuneration, reviewed and approved by the Audit Committee on the audit and non-audit scope, paid or payable to the auditor in respect of audit services provided by the auditor of the Group, Prism Hong Kong Limited, were as follows:

Nature of services	2025 Amount RMB'000
Audit services for 2025 Annual Audit	**930**

RISK MANAGEMENT AND INTERNAL CONTROL

The Company have established risk management systems with relevant policies and procedures for the business operations. The policies and procedures relate to managing procurement and production, as well as monitoring sales performance and product quality. The key risk management objectives include: (i) identifying the different risks relevant to the operations of the Company; (ii) assessing and prioritizing the identified risks; (iii) developing appropriate risk management strategies for different risks; (iv) monitoring and managing risks and the risk tolerance level; and (v) executing measures to respond to the risks.

The Board oversees and manages the risks associated with the business of the Group. The Company have established the Audit Committee to review and supervise the financial reporting process and internal control system.

In order to improve the corporate governance of the Company and to prevent the occurrence of non-compliance incidents in the future, the Company has adopted a series of internal control policies, procedures and programs designed to provide reasonable assurance for achieving objectives such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

During the year ended 31 December 2025, the Board had outsourced its internal audit function to an independent internal audit firm (the "Internal Auditor"). The Internal Auditor reports directly to the Audit Committee once a year on all internal audit matters. The Audit Committee reviewed the internal audit report and would monitor the implementation of the improvements required on internal control weaknesses identified.

Although the Group does not maintain an internal audit function, the Board has overall responsibility for the risk management and internal control systems for reviewing its effectiveness. The Audit Committee and the Board would review the risk management and internal control systems once annually. The Directors were satisfied that effective internal control measures as appropriate to the Group for the year ended 31 December 2025 were implemented properly and that no significant areas of weaknesses came into attention.

The Board acknowledges that it is the responsibility of the Board for establishing and maintaining appropriate and effective risk management and internal control systems. Also, the Board has overall responsibilities for the risk management and internal control systems of the Group on an ongoing basis, and for reviewing its effectiveness on an annual basis. The established systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Policies and procedures for releasing information to external parties had been established and are in place, which covers the handling and dissemination of inside information, with an aim to provide accurate, complete and timely information to all stakeholders of the Group. These policies and procedures define the class and form of the information to be disclosed, the procedures for dissemination and disclosure of information, and communication with investors, financial analysts and media. They also include the policies for communication with shareholders, and the information management for subsidiaries and associated companies of the Company.

COMPANY SECRETARY

Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. The Company Secretary is responsible for advising the Board on the corporate governance matters and maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Ms. LUI Mei Ka was appointed as the joint company secretary with effect from 24 May 2024. Ms. LUI is an external service provider whose primary contact person in the Group is Mr. WENG Weilin, another joint company secretary of the Company.

The joint company secretary, Ms. LUI Mei Ka confirmed that she has complied with all the qualifications, experience, and professional training requirements under the GEM Listing Rules. The joint company secretary, Mr. WENG Weilin confirmed that he has complied with all the qualifications, experience, and professional training requirements under the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provided an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Right to Convene EGMs and Procedures

Pursuant to article 58 of the Articles of Association, the Board, may whenever it thinks fit, convene an EGM. Any one or more members holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Such requisition shall be made in writing to the Board or the Joint Company Secretaries of the Company at the following:

Principal Place of Business of the Company in the PRC

Address:	Eastside of Middle of Rongchi Road Xianqiao, Rongcheng, Jieyang Guangdong, the PRC
Attention:	Joint Company Secretaries
Email:	dx@dx128.com.hk/wwl@hongguang.hk

Registered Office of the Company

Address:	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Attention:	Joint Company Secretaries

If within 21 days of deposit of such written requisition, the Board fails to proceed to convene such EGM, the requisitionist(s) themselves or any of them may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Right to Put Enquiries to the Board

For matters in relation to the Board, the shareholders may at any time send their enquiries and concerns to Board in writing, for the attention of the Joint Company Secretaries. Contact details are as follows:

Address:	Room 1202, 1204–06, 12th Floor, The Chinese Bank Building 61 Des Voeux Road Central Central, Hong Kong
Fax:	(852) 3020 6430/(86) 06638864681
Email:	dx@dx128.com.hk/wwl@hongguang.hk

Shareholders of the Company may also make enquiries with the Board at the general meetings of the Company.

Right to Put forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemental from time to time. However, pursuant to the Articles of Association, shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.

INVESTOR RELATIONS

On 11 December 2019, the Board adopted a shareholders' communication policy reflecting mostly the current practices of the Company for communication with its shareholders. Such policy aims to promote effective communication between the Company, shareholders and other stakeholders and enable shareholders to exercise their rights as shareholders effectively in an informed manner, in order to provide shareholders and other stakeholders (including potential investors) with timely, clear, balanced and accurate information about the Company, and to allow shareholders and other stakeholders to engage actively with the Company. The Company has established a number of channels for maintaining on-going dialogue with shareholders as follows:

(a) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the websites of Stock Exchange and the Company;

(b) periodic announcements are made through the Stock Exchange and published on the websites of Stock Exchange and the Company;

(c) corporate information is made available on the Company's website;

(d) AGM and EGM provide a forum for shareholders to make comments and exchange views with the Directors and senior management; and

(e) the Company's share registrars serve shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholders' Communication Policy has been properly implemented during the year under review and is effective.

DIVIDEND POLICY

The Company has adopted a dividend policy on 31 March 2020 in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

(a) the Company's current and future operations, actual and expected financial performance;

(b) any corporate development plans;

(c) the Group's liquidity position, working capital and capital expenditure requirements and future expected capital needs;

(d) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;

(e) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;

(f) retained earnings and distributable reserves of the Company and each of the members of the Group;

(g) general economic conditions, the business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factor that the Board deems appropriate and relevant.

The recommendation of the payment of dividend is subject to the determination of the Board, and, any declaration of final dividend for the year will be subject to the approval of the shareholders of the Company. The payment of dividend is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and amended and restated memorandum and articles of association of the Company.

CONSTITUTIONAL DOCUMENTS

The amended and restated memorandum and articles of association of the Company were adopted on 11 December 2019 to comply with the relevant provisions of the GEM Listing Rules.

The second amended and restated memorandum and articles of association of the Company were adopted on 30 June 2023 to comply with the relevant provisions of the GEM Listing Rules.

A copy of the memorandum and articles of association of the Company was posted on the websites of Stock Exchange and the Company.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2025.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as exempted company with limited liability on 25 May 2017.

The Company completed the corporate reorganization (the "Reorganisation") on 11 July 2018 in preparation for the listing of the shares of the Company (the "Shares") on GEM of the Stock Exchange, pursuant to which the Company became the holding company of the companies now comprising the Group.

Details of the Reorganisation are set out in paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the prospectus of the Company dated 31 December 2019 (the "Prospectus"). The Shares were listed on GEM of the Stock Exchange on 13 January 2020 by way of share offer (the "Listing").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group are the manufacture and sales of glass products in the People's Republic of China. The Company acts as an investment holding company. Further discussion and analysis of these activities as required by Schedule 5 of the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 5 to 10 of this annual report. This discussion forms part of this Directors' Report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 52 of this annual report.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2025 (2024: Nil).

OUTLOOK AND PROSPECTS

The Group was listed on GEM of the Stock Exchange on 13 January 2020 and the funds raised from the Listing laid a solid foundation for the future development of the Group.

The markets and technological advances in relation to coated glass have developed significantly in recent years, driven primarily by a series of building energy conservation policies and standards promulgated by the PRC Government such as the Guidance Opinion on the Development of Glass Industry in the 13th Five-Year Plan* (《玻璃工業"十三五"發展指導意見》) issued by the China Architectural and Industrial Glass Association* (中國建築玻璃與工業玻璃協會). According to HCR Co., Ltd. (北京慧辰資道資訊股份有限公司) ("HCR"), an independent market research firm commissioned by us in preparation for the Listing, coated glass production volume in China is expected to increase at a CAGR of about 7.8% from 293 million m^2 in 2018 to 427 million m^2 in 2023. Coated glass, our primary energy-efficient safety glass product, is a type of energy-saving glass which is commonly used in the construction industry. We believe our specialisation in coated glass well positions us to capture the opportunities arising from the continual growth of the demand of coated glass in China.

With the strong demand for dimming glass in new buildings, HCR estimates that dimming glass production volume in China is expected to increase at a CAGR of 21.6% from 254,000 m^2 in 2018 to 675,000 m^2 in 2023 and there will also be an upward trend of a similar scale in dimming glass sales volume. We further leveraged our cumulative experience and technological know-how in the production of smart glass product. We believe that our business will benefit from the increasing market demand for smart glass products in China.

In spring of 2020, under the impact of the novel coronavirus disease (COVID-19) epidemic, industries in Mainland China postponed the resumption of work after the Chinese New Year holiday, and operations were only resumed in early March 2020. The impact of the COVID-19 epidemic has, to a certain extent, affected the development of Mainland China's real estate market from the year of 2020 to 2022, thus also triggering the slowdown of the development of the architectural glass industry. In the meanwhile, the PRC government has implemented a strong COVID-19 prevention and control policies. Until the first quarter of 2023, mainland China had completely lifted its restrictions and was basically no longer affected by the prevention and control policies of the COVID-19 epidemic.

The Group is continuously seeking acquisition or investment opportunities to enhance the value of China Hongguang, in order to enhance the Group's risk tolerance and its value, and continue to create new growth drivers for the Group.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by operating segment is set out in note 4(b) to the consolidated financial statements.

* For identification purpose only

MAJOR CUSTOMERS AND SUPPLIERS

This information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	20.6%	–
Five largest customers in aggregate	65.6%	–
The largest supplier	–	67.9%
Five largest suppliers in aggregate	–	98.1%

None of the Directors of the Company, or any of their close associates or any other shareholders, which to the best knowledge of the Directors, owns more than 5% of the number of issued Shares, had any interests in the Group's five largest customers and suppliers during the year ended 31 December 2025.

CHARITABLE DONATIONS

The Group made charitable donations totaling RMBNil during the year ended 31 December 2025, compared to RMB28,000 in 2024.

SUMMARY FINANCIAL INFORMATION

A summary of the published result and assets, liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out on page 123. This summary does not form part of the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 23 to the consolidated financial statements of this annual report.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report were:

Executive Directors

Mr. WEI Jiakun *(Chief Executive Officer)*
Ms. LIN Weishan *(Chairwoman)*
Ms. LI Wanna

Independent Non-Executive Directors

Ms. MAO Shue (appointed on 25 March 2025)
Mr. JIA Xiaogang
Mr. WU Yong
Ms. CHEN Xiuyan (resigned on 25 March 2025)

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract on 11 December 2019 with the Company commencing from the Listing Date for a term of three years unless terminated by either party by giving at least three months' notice in writing to the other party.

Each of the Independent Non-Executive Directors has entered into a service contract on 11 December 2019 (except that service contract of Ms. MAO Shue on 25 March 2025) with the Company for an initial term of one year commencing on the Listing Date and shall continue for an additional term of one year upon expiry of the initial term unless terminated by either party by giving at least three months' notice in writing to the other party.

In accordance with articles 84(1) & 84(2) of the Articles of Association, Mr. WEI Jiakun and Mr. JIA Xiaogang will retire by rotation and being eligible, will offer themselves for re-election at the forthcoming annual general meeting (the "AGM").

No Director proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2025, the interests or short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name	Nature of interest	Total number of shares held (L)[1]	Percentage of shareholding
Mr. WEI Jiakun ("Mr. Wei")	Settlor of a discretionary trust; Interest of spouse	394,750,000 (L)[2]	55.68%
Ms. LIN Weishan ("Ms. Lin")	Settlor of discretionary trust; Interest of spouse	394,750,000 (L)[2]	55.68%

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.

2. These Shares are held by Ming Liang Global Limited, the entire issued share capital of which is held by Wei Family Limited, which is in turn entirely held by IQ EQ (BVI) Limited, acting as the trustee of The Wei Family Trust. The Wei Family Trust is a discretionary trust established by Mr. Wei, Ms. Lin (the spouse of Mr. Wei) and Ms. LIU Rong ("Ms. Liu", the mother of Mr. Wei) as the settlors and the beneficiaries of The Wei Family Trust include Mr. Wei, Ms. Lin, Ms. Liu and certain family members of Mr. Wei. Each of Mr. Wei, Ms. Lin, Ms. Liu, IQ EQ (BVI) Limited and Wei Family Limited is deemed to be interested in the Shares held by Ming Liang Global Limited by virtue of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors' and Chief Executives' interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporation" above, at no time during the year ended 31 December 2025 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the Shares or underlying Shares in, or debentures of, the Company or any of its associated corporations.

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

As at 31 December 2025, so far as is known to the Directors, the following persons (other than Directors or chief executives of the Company) had or deemed or taken to have interest or short position in Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Capacity/nature of interest	Total number of shares held (L)(1)	Percentage of shareholding
Ming Liang Global Limited	Beneficial owner	394,750,000 (L)(2)	55.68%
Wei Family Limited	Interest in a controlled corporation	394,750,000 (L)(2)	55.68%
IQ EQ (BVI) Limited	Trustee of a trust	394,750,000 (L)(2)	55.68%
Mr. Wei	Settlor of a discretionary trust; Interest of spouse	394,750,000 (L)(2)	55.68%
Ms. Lin	Settlor of a discretionary trust; Interest of spouse	394,750,000 (L)(2)	55.68%
LIU Rong ("Ms. Liu")	Settlor of a discretionary trust	394,750,000 (L)(2)	55.68%

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.

2. These Shares are held by Ming Liang Global Limited, the entire issued share capital of which is held by Wei Family Limited, which is in turn entirely held by IQ EQ (BVI) Limited, acting as the trustee of The Wei Family Trust. The Wei Family Trust is a discretionary trust established by Mr. Wei, Ms. Lin (the spouse of Mr. Wei) and Ms. Liu (the mother of Mr. Wei) as the settlors and the beneficiaries of The Wei Family Trust include Mr. Wei, Ms. Lin, Ms. Liu and certain family members of Mr. Wei. Each of Mr. Wei, Ms. Lin, Ms. Liu, IQ EQ (BVI) Limited and Wei Family Limited is deemed to be interested in the Shares held by Ming Liang Global Limited by virtue of the SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group are set out in note 29 to the consolidated financial statements of this annual report. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

To support the business development of the Company, Ming Liang Global entered into the share subscription agreement ("MLG Subscription Agreement") with the Company on 4 September 2024, pursuant to which the Company has conditionally agreed to allot and issue, and Ming Liang Global has conditionally agreed to subscribe for a total of 150,000,000 subscription shares at the subscription price of HK$0.286 per subscription share in accordance with the terms and conditions as set out in the MLG Share Subscription Agreement. Ming Liang Global holds approximately 54.41% of the issued share capital of the Company and is therefore a connected person of the Company. This share subscription is not yet completed as at the date of this report. For details of this connected transaction, please refer to the Company's announcement dated 4 September 2024.

During the year, except as disclosed above, the Group has not entered into any connected transactions or continuing connected transactions that are not exempted under the GEM Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float required by the GEM Listing Rules since the Listing Date and up to the date of this annual report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates that competes or may compete, directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2025.

DEED OF NON-COMPETITION

In order to ensure that the controlling shareholders of the Company (the "Controlling Shareholders") will not engage in any business undertaking in competition with the Group in the future, on 30 December 2019, each of the Controlling Shareholders has entered into the Deed of Non-Competition in favor of the Company (for itself and as trustee for its subsidiaries from time to time) to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with the businesses of the Group.

Each of the Controlling Shareholders (the "Covenantors") has undertaken to the Company in the Deed of Non-Competition that he/she/it will, among others, at any time during the Relevant Period (as defined below):

(i) save for engaging in the Restricted Business (as defined below) through the Group, not, and will procure that his/her/its close associates (other than members of the Group) will not, directly or indirectly, carry on, invest, participate or engage in any business which competes or may compete, directly or indirectly, with the Restricted Business; and

(ii) promptly provide the Company with any relevant information in respect of any new business opportunity ("New Business Opportunity") within the PRC which competes or may compete with the Restricted Business or future business of the Group of which he/she/it or his/her/its close associates may have knowledge, for the Independent Non-Executive Directors to review and decide whether the Group shall take up such New Business Opportunity by considering, among other things, whether (a) such New Business Opportunity would constitute competition with the Restricted Business; and (b) it is in the interest of the Group to pursue such New Business Opportunity taking into account factors such as the nature of such New Business Opportunity and the estimated costs of investing in or acquiring such New Business Opportunity; and give the Company an option exercisable by the Company within 30 days upon receipt of the written notification of relevant information, to take up such New Business Opportunity; and he/she/it and/or his/her/its close associates may only take up such New Business Opportunity after the Independent Non-Executive Directors have separately reviewed and decided that the Group should decline such New Business Opportunity.

For the above purposes:

(i) "Restricted Business" means the business engaged by the Group in the PRC from time to time including the manufacture, sale and research and development of glass products; and

(ii) "Relevant Period" means the period commencing from the Listing Date and expiring on the earlier of the dates below:

  (a) the date on which the Shares cease to be listed on the Stock Exchange;

  (b) the date on which the Covenantors and their respective close associates, taken together, whether directly or indirectly, cease to be the Controlling Shareholders for the purpose of the GEM Listing Rules; and

  (c) the date on which the Company ceases to engage in the Restricted Business.

Further details of the Deed of Non-Competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The Independent Non-Executive Directors of the Company had reviewed the status of compliance as well as confirmation by the Controlling Shareholders and, on the basis of such confirmation, are of the view that such Controlling Shareholders have complied with their non-competition undertakings under the Deed of Non-Competition and these non-competition undertakings have been enforced by the Company in accordance with its terms.

COMPETITION AND CONFLICT OF INTERESTS

During the year, save as disclosed in the Prospectus, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

PERMITTED INDEMNITY PROVISION

A directors and officers liability insurance is currently in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates that competes or may compete, directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2025.

CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a director had a material interest, either directly or indirectly subsisted at the end of the year or at any time during the year.

CONTRACT OF SIGNIFICANCE FOR THE PROVISION OF SERVICES

No contract of significance for the provision of services was entered into between the Company or any of its subsidiaries and a Controlling Shareholder or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were into or existed during the year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure compliance of prevailing environmental protection laws and regulations.

The Group has adopted environmental protection measures and established a team led by Ms. LI Wanna, an Executive Director of the Company, who is responsible for monitoring the implementation of environmental protection measures by means of: (a) supervising the safe placement of glass fragments to be recycled by suppliers; (b) supervising the cleaning of sedimentation ponds and the collecting of glass powder to be recycled by suppliers; and (c) reviewing the daily record and monitoring the volume of waste water discharged during the production process.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with relevant authorities effectively through effective communications.

The Group also complies with the requirements under the Companies Ordinance, the GEM Listing Rules and the SFO for the disclosure of information and corporate governance.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels to understand customer trends and needs and regular discuss on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 19 and note 20 to the consolidated financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 123 of this annual report.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme on 30 June 2023 (the "Scheme").

The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to the Eligible Participants and to promote the success of the business of the Group. Under the Scheme, the Directors may grant options to any eligible persons of the Group, including the directors (including independent nonexecutive directors) and employees (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the Share Option Scheme as inducement to enter into employment contracts with any member of the Group). The factors in assessing whether any person is eligible to participate in the Share Option Scheme include (1) the performance of the Directors and employees; (2) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (3) their length of engagement with the Group; and (4) their contribution or potential contribution to the development and growth of the Group.

Maximum Numbers of Shares

The total number of Shares which may be issued in respect of all Options which may be granted at any time under the Share Option Scheme together with options and awards which may be granted under any other schemes of the Company shall not exceed such number of Shares as equals 10% of the Shares in issue as at the date of adoption of the Share Option Scheme on 30 June 2023 (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. Having considered the issued shares on the adoption date of the Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company would be 39,900,000 Shares, representing approximately 8.69% of the issued Shares as at the date of the annual report (i.e. 31 March 2025).

No Option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the date of adoption and up to 31 March 2025 and thereafter up to the date of this annual report. Accordingly, the total number of Shares available for issue under the Share Option Scheme is 39,900,000 Shares, representing the Scheme Mandate Limit.

Maximum Entitlement of Each Eligible Participant

Where any grant of an Option to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in a general meeting of the Company with such Eligible Participant and the person's close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

Time of Exercise of Options

Subject to the terms of the Share Option Scheme, an Option may be exercised in whole or in part at any time during the Option Period, provided that such period shall not go beyond the day immediately prior to the tenth anniversary of the offer date with respect of the relevant Option.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised.

Vesting Period

Save for the circumstances prescribed below, an Option must be held by the Grantee for a period that is not shorter than the Minimum Period, which means the period commences on the offer date and ending on the day immediately prior to the first anniversary thereof, with respect to an option, before the Option can be exercised.

The Board may at its discretion grant Options with a vesting period shorter than the Minimum Period in the following circumstances: (1) grants of "make-whole" Options to new joiners to replace the share options they forfeited when leaving the previous employers; (2) grants to an Eligible Participant whose employment is terminated due to death or occurrence of any out of control event; (3) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch; (4) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or (5) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

Amount payable on application or acceptance of the Option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid

An Offer shall remain open for acceptance by the eligible participant concerned (and by no other person, including the eligible participant's personal representative) for a period of thirty (30) days from the date of offer. During such thirty (30) day period, an Offer shall be deemed to have been accepted by an eligible participant concerned in respect of all the Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the Offer duly signed by the eligible participant, together with a payment in favour of the Company of HK$1.00 as consideration for the grant thereof, is received by the Company.

Exercise price

The exercise price for Shares to be subscribed may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of: (1) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a Business Day; (2) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the offer date; and (3) the nominal value of the Share on the offer date.

Period of Share Option Scheme

The Share Option Scheme shall be valid and effective until the close of business of the Company on the termination date ("Termination Date", being the date which falls on the date immediately prior to the tenth anniversary of the date of adoption of the Share Option Scheme on 30 June 2023), after which period no further Options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted on or prior to the said Termination Date or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Since the date of adoption and up to the date of this annual report, the Company has not granted or agreed to grant any share options under the Scheme.

DEBENTURE

No debenture was issued by the Company during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENT

On 13 April 2021, the Company entered into the Equity Sale and Purchase Agreement with Ming Liang Global, pursuant to which the Company has agreed conditionally to acquire, and Ming Liang Global has agreed conditionally to sell, the 100% of the issued share capital of a newly incorporated company which holds the entire equity interest in Guangdong Longjian Engineering Co., Ltd., at a consideration of HK$64,200,000. The consideration shall be settled by way of (i) issue and allotment of 99,000,000 consideration shares issued at an issue price of HK$0.32 per consideration share, such that the total value of the consideration shares will be HK$31,680,000, and (ii) issuance of convertible bonds in the principal amount of HK$32,520,000.

On 12 May 2022, the Company entered into Termination Agreement with Ming Liang Global, pursuant to which the Company and Ming Liang Global mutually agreed to terminate the Equity Sale and Purchase Agreement.

Upon the execution of the Termination Agreement, the duties and obligations of the Company and Ming Liang Global under the Equity Sale and Purchase Agreement have been released; the Company has not paid any deposit in respect of the Acquisition and neither party shall make any compensation to the other. The Termination Agreement was entered into because certain conditions precedent under the Equity Sale and Purchase Agreement were not fulfilled, including that the information required for the preparation of the circular in relation to the Equity Sale and Purchase Agreement is not all available. As a result, the Company has not yet obtained Independent Shareholders' approval regarding the terms of the Equity Sale and Purchase Agreement.

On 17 May 2022, the Company entered into the Share Subscription Agreement with Ming Liang Global, pursuant to which the Company has conditionally agreed to allot and issue, and Ming Liang Global has conditionally agreed to subscribe for, 99,000,000 subscription shares on the terms of the Share Subscription Agreement. This share subscription was completed on 31 August 2022.

On 20 June 2023, the Company entered into the Share Subscription Agreement with Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and Subscribers has conditionally agreed to subscribe for 59,990,000 subscription shares on the terms of the Share Subscription Agreement. This share subscription was completed on 29 June 2023.

On 4 September 2024, the Company entered into the share subscription agreement ("MLG Subscription Agreement") with Ming Liang Global, pursuant to which the Company has conditionally agreed to allot and issue, and Ming Liang Global has conditionally agreed to subscribe for a total of 150,000,000 subscription share in accordance with the terms and conditions as set out in the MLG Share Subscription Agreement. This share subscription was completed on 2 July 2025.

In addition on the same date, the Company entered into the independent subscribers share subscription agreement ("the Independent Subscribers Share Subscription Agreement") with a total of 14 individual subscribers (the "Independent Subscribers"), pursuant to which the Company has conditionally agreed to allot and issue, and the Independent Subscribers have conditionally agreed to subscribe for a total of 100,000,000 subscription shares in accordance with the terms and conditions as set out in the Independent Subscribers Share Subscription Agreement. This share subscription was completed on 3 July 2025.

On 21 January 2026, the Company entered into the Share Subscription Agreement with Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and Subscribers has conditionally agreed to subscribe for 74,000,000 subscription shares on the terms of the Share Subscription Agreement. The share subscriptions are not yet completed as at the date of this report. For details, please refer to the Company's announcements dated 21 January 2026 and dated 27 January 2026.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Shares.

USE OF NET PROCEEDS FROM SHARE SUBSCRIPTIONS

2025 Share Subscriptions

On 4 September 2024, the Company entered into the MLG Share Subscription Agreement with Ming Liang Global, pursuant to which the Company has conditionally agreed to allot and issue, and Ming Liang Global has conditionally agreed to subscribe for, 150,000,000 MLG Subscription Shares at a price of HK$0.286 per share. On 4 September 2024, the Company entered into the Independent Subscribers Share Subscription Agreement with the Independent Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and the Independent Subscribers have conditionally agreed to subscribe for, 100,000,000 IS Subscription Shares at a price of HK$0.286 per share. The MLG Subscription was completed on 2 July 2025, and the IS Subscription was completed on 3 July 2025. (The foregoing MLG Subscription and IS Subscription are collectively referred to as the "2025 Share Subscriptions".)

The aggregate gross proceeds of the 2025 Share Subscription was approximately HK$71,500,000. The aggregate net proceeds of the 2025 Share Subscription, after the deduction of related fees and expenses of approximately HK$427,600, was be approximately HK$71,072,400. During the year ended 31 December 2025, HK$21,321,720 was ultilized for general working capital of the Group, HK$20,983,840 was ultilized for repayment of bank borrowing, and HK$14,214,480 was ultilized for development of potential business projects.

2023 Share Subscription

On 20 June 2023, the Company entered into share subscription agreement with the subscribers, pursuant to which the Company will allot and issue, and the subscribers will subscribe for, an aggregate of 59,990,000 subscription shares at a price of HK$0.194 per share ("2023 Share Subscription").

The aggregate gross proceeds of the 2023 Share Subscription was approximately HK$11,638,060. The aggregate net proceeds of the 2023 Share Subscription, after the deduction of related fees and expenses, was approximately HK$11,558,060. During the year ended 31 December 2023, HK$5,779,030 was utilised for repayment of borrowings, and HK$5,779,030 was utilised for the Group's general working capital, and all proceeds of the 2023 Share Subscription was fully utilised as at 31 December 2023 according to the plan of use of proceeds as previously disclosed.

2022 Share Subscription

On 17 May 2022, the Company entered into share subscription agreement with Ming Liang Global, pursuant to which the Company has conditionally agreed to allot and issue, and Ming Liang Global has conditionally agreed to subscribe for, 99,000,000 subscription shares at a price of HK$0.4 per share ("2022 Share Subscription").

The net proceeds of the 2022 Share Subscription was approximately HK$39,600,000. During the year ended 31 December 2022, HK$23,760,000 was utilised for the maintenance and operation of the existing business (including purchase of raw materials, upgrading and purchase of production equipment to enhance efficiency and quality, and repayment of borrowings), HK$11,880,000 was utilised for acquisition of new equipment which has capability of producing BIPV glass and repayment of borrowings (since potential acquisition of new business did not materialize), and HK$1,460,000 was utilised for the Group's general working capital. During the year ended 31 December 2023, remaining HK$2,500,000 was utilised for the Group's general working capital.

All proceeds of the 2022 Share Subscription was fully utilised as at 31 December 2023 according to the plan of use of proceeds as previously disclosed.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group for the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 55.

The Company's reserves available for distribution to the shareholders as at 31 December 2025 amounted to RMB116,593,000.

PROPERTIES

Particulars of the major properties and property interests of the Group are shown on note 12 to the consolidated financial statements.

RETIREMENT SCHEMES

Particulars of retirement schemes are set out in note 2 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-Executive Directors an annual conformation of independence pursuant to Rule 5.09 of the GEM Listing Rules and, based on contents of such confirmation, considers all the Independent Non-Executive Directors to be independent and that they have met the specific independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out on pages 15 to 29 of this annual report.

REVIEW BY THE AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the audited consolidated financial statements of the Group for the year ended 31 December 2025 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 21 January 2026, the Company entered into the Share Subscription Agreement with Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and Subscribers has conditionally agreed to subscribe for 74,000,000 subscription shares on the terms of the Share Subscription Agreement. The share subscriptions are not yet completed as at the date of this report. For details, please refer to the Company's announcements dated 21 January 2026 and dated 27 January 2026.

Save as disclosed in this report, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of this annual report.

AUDITOR

On 23 December 2025, CCTH CPA Limited resigned as external auditors of the Company and Prism Hong Kong Limited was appointed as the external auditors of the Company on 23 December 2025 to fill the casual vacancy so arising from the resignation of CCTH CPA Limited.

Prism Hong Kong Limited has been appointed as auditor of the Company for the year ended 31 December 2025.

Prism Hong Kong Limited shall retire in the AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Prism Hong Kong Limited as auditor of the Company will be proposed at the AGM.

On behalf of the Board
LIN Weishan
Chairwoman and Executive Director

Hong Kong, 31 March 2026

INDEPENDENT AUDITOR'S REPORT

Prism

To the shareholders of
China Hongguang Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Hongguang Holdings Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 122, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of 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 issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

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

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.

Valuation of inventories

Key audit matter	How the matter was addressed in our audit
Inventories are carried at the lower of cost and net realisable value in the consolidated financial statements. The cost of inventories includes the purchase costs of raw materials and the conversion costs incurred during the production process, including an allocation of production overheads. At 31 December 2025, the carrying amount of inventories was RMB156 million. Management determines the net realisable value of inventories by considering the ageing profile, inventory obsolescence and the subsequent selling price of individual inventory item. We identified the accounting recognition of inventories as a key audit matter because the Group held significant inventories at the reporting date and because management is required to exercise significant estimation in determining the net realisable value of inventories. The related disclosures are included in notes 2(j), 3(a)(ii) and 15 to the consolidated financial statements.	Our audit procedures regarding the valuation of inventories included the following: • We obtained an understanding of the design and implementation of key internal controls relating to valuation of inventories; • We compared, on a sample basis, the purchase prices and quantities of inventories recorded by the Group with supplier invoices; • We made enquiry with management of the Group regarding the key assumptions concerning the absorption of overheads into the cost of production, tested and evaluated the appropriateness of overhead costs included in the overhead absorption calculations; • We assessed, on a sample basis, the accuracy of the ageing profile of raw materials and finished goods included in inventories at the financial year end by checking the goods receipt notes and the finished goods records respectively; and • We compared, on a sample basis, the selling price of the finished goods subsequent to the reporting date to costs of these inventories as at the financial year end. • We assessed the adequacy of the related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Expected credit losses allowances for trade receivables

Key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the Group's gross trade receivables amounted to RMB198 million, against which a loss allowance of RMB31 million for expected credit losses ("ECLs") was recorded. The Group's trade receivables mainly arose from sales of glass products. Management measures the loss allowance at an amount equal to lifetime ECLs based on estimated loss rates for each category of receivables. The estimated loss rates take into account the aged analysis of trade receivable balances, the repayment history of the Group's customers of different risk characteristics, current market conditions, and forward-looking information. Such assessment involves significant management judgement and estimation. We identified the ECLs allowance for trade receivables as a key audit matter because determining the level of the loss allowance requires the exercise of significant management judgement which is inherently subjective. The related disclosures are included in notes 2(i), 3(a)(i) and 16 to the consolidated financial statements.	Our audit procedures to assess the ECLs allowance for trade receivables included the following: • We obtained an understanding of the design and implementation of key internal controls relating to credit control, debt collection and estimating the credit loss allowance; • We obtained an understanding of the key parameters and assumptions of the expected credit losses model adopted by the management, including the basis of segmentation of the trade receivable based on credit risk characteristics of customers, the historical default data in management's estimated loss rates, and related forward-looking information; • We assessed whether items were correctly categorised in the trade receivables ageing report by comparing individual items therein with sales invoices and other relevant underlying documentation, on a sample basis; • We involved our independent valuation specialist to assist us in assessing the appropriateness of management's estimates of loss allowance by examining the information used by management to derive such estimates, including assessing the reasonableness of management's use of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions and forward-looking information; and • We re-performed the calculation of the loss allowance as at 31 December 2025 based on the Group's credit loss allowance policies. • We assessed the adequacy of the related disclosures in the consolidated financial statements.

OTHER INFORMATION

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

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

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

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

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 consolidated 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 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.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. Lee Kwok Lun.

Prism Hong Kong Limited
Certified Public Accountants
Hong Kong, 31 March 2026

Lee Kwok Lun
Practising certificate number: P06294

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025
(Expressed in Thousand Renminbi Yuan)

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	4	**242,579**	242,203
Cost of sales		**(168,565)**	(179,087)
Gross profit		**74,014**	63,116
Other net income	5	**2,773**	6,185
Sales and marketing expenses		**(453)**	(563)
General and administrative expenses		**(7,451)**	(40,987)
Profit from operations		**68,883**	27,751
Finance costs	6(a)	**(3,146)**	(4,126)
Profit before income tax	6	**65,737**	23,625
Income tax expense	7(a)	**(8,697)**	(2,484)
Profit for the year		**57,040**	21,141
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company, net		**(4,468)**	2,180
Fair value gain on:			
– Investment in equity instrument at fair value through other comprehensive income ("FVTOCI")		**119**	2,785
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside Mainland China, net		**4,683**	(2,232)
Other comprehensive income for the year, net of tax		**334**	2,733
Total comprehensive income for the year		**57,374**	23,874

	NOTES	2025 RMB	2024 RMB
Earnings per share	10		
Basic		**9.78 RMB cents**	4.9 RMB cents
Diluted		**N/A**	N/A

The accompanying notes on pages 58 to 122 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025
(Expressed in Thousand Renminbi Yuan)

	NOTES	**31/12/2025 RMB'000**	31/12/2024 RMB'000
Non-current assets			
Property, plant and equipment	12	**47,014**	29,218
Right-of-use assets	13	**1,275**	1,332
Equity instrument at fair value through other comprehensive income	14	**28,131**	28,012
Deferred tax assets	21(b)	**5,378**	6,753
		81,798	65,315
Current assets			
Inventories	15	**155,608**	165,786
Trade and bill receivables and other receivables	16	**291,703**	235,062
Cash and cash equivalents	17(a)	**34,605**	2,528
		481,916	403,376
Current liabilities			
Trade and other payables	18	**24,767**	38,629
Bank loans	19	**50,627**	63,474
Other borrowings	20	**1,725**	7,250
Income tax payable	21(a)	**19,203**	13,288
		96,322	122,641
Net current assets		**385,594**	280,735
Total assets less current liabilities		**467,392**	346,050
Non-current liabilities			
Other borrowings	20	**112**	1,842
Deferred revenue	22	**1,993**	2,417
		2,105	4,259
NET ASSETS		**465,287**	341,791

	NOTES	**31/12/2025 RMB'000**	31/12/2024 RMB'000
EQUITY			
Share capital	23(b)	**6,397**	4,114
Reserves	23	**458,890**	337,677
TOTAL EQUITY		**465,287**	341,791

The consolidated financial statements on pages 52 to 122 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Wei Jiakun	)	
	)	*Directors*
Lin Weishan	)	

The accompanying notes on pages 58 to 122 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025
(Expressed in Thousand Renminbi Yuan)

		Attributable to owners of the Company							
	NOTE	Share capital RMB'000 (note 23)	Share premium RMB'000 (note 23)	Capital reserve RMB'000 (note 23)	PRC statutory reserve RMB'000 (note 23)	Other reserve RMB'000 (note 23)	Exchange reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2024		4,114	93,625	(202)	16,209	2,320	(1,186)	203,037	317,917
Changes in equity for 2024:									
Profit for the year		–	–	–	–	–	–	21,141	21,141
Other comprehensive loss		–	–	–	–	–	(52)	–	(52)
Total comprehensive income		–	–	–	–	–	(52)	21,141	21,089
Transferred to statutory reserve		–	–	–	2,517	–	–	(2,517)	–
Fair value gain on equity instrument at FVTOCI		–	–	–	–	2,785	–	–	2,785
Balance at 31 December 2024 and 1 January 2025		**4,114**	**93,625**	**(202)**	**18,726**	**5,105**	**(1,238)**	**221,661**	**341,791**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**57,040**	**57,040**
Other comprehensive loss		**–**	**–**	**–**	**–**	**–**	**215**	**–**	**215**
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**215**	**57,040**	**57,255**
Transferred to statutory reserve		**–**	**–**	**–**	**6,026**	**–**	**–**	**(6,026)**	**–**
Fair value gain on equity instrument at FVTOCI		**–**	**–**	**–**	**–**	**119**	**–**	**–**	**119**
Issue of shares	23(b)	**2,283**	**64,141**	**–**	**–**	**–**	**–**	**–**	**66,424**
Transaction costs of issue of shares	23(b)	**–**	**(302)**	**–**	**–**	**–**	**–**	**–**	**(302)**
Balance at 31 December 2025		**6,397**	**157,464**	**(202)**	**24,752**	**5,224**	**(1,023)**	**272,675**	**465,287**

The accompanying notes on pages 52 to 122 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025
(Expressed in Thousand Renminbi Yuan)

		2025		2024	
	Notes	**RMB'000**	**RMB'000**	RMB'000	RMB'000
Operating activities					
Profit before income tax	7(b)	**65,737**		23,625	
Adjustments for:					
Depreciation of property, plant and equipment	12	**5,873**		9,670	
Depreciation of right-of-use assets	13	**57**		57	
(Reversal of impairment losses)/impairment losses on trade and bill receivables, net	6(c)	**(8,743)**		22,432	
Finance costs	6(a)	**3,146**		4,126	
Interest income	5	**(1)**		(2)	
Government grants recognised in profit or loss	22	**(424)**		(959)	
Changes in working capital:					
Decrease/(increase) in inventories	15	**10,178**		(5,596)	
Increase in trade and bill and other receivables	16	**(71,567)**		(48,872)	
(Decrease)/increase in trade and other payables	18	**(13,647)**		10,269	
Cash (used in)/generated from operations		**(9,391)**		14,750	
Tax paid		**(1,407)**		(2,539)	
Net cash (used in)/generated from operating activities			**(10,798)**		12,211
Investing activities					
Interest received		**1**		2	
Net cash generated from investing activities			**1**		2

	NOTES	**2025** RMB'000	**2025** RMB'000	2024 RMB'000	2024 RMB'000
Financing activities					
Proceeds from new bank loans	17(b)	**41,889**		57,948	
Repayment of bank loans	17(b)	**(54,736)**		(56,874)	
Proceeds from new other borrowings	17(b)	**–**		6,500	
Repayment of other borrowings	17(b)	**(7,255)**		(14,300)	
Proceeds from issue of shares, net	23(b)	**66,122**		–	
Interest paid	17(b)	**(3,146)**		(4,126)	
Net cash generated from/(used in) financing activities			**42,874**		(10,852)
Net increase in cash and cash equivalents			**32,077**		1,361
Cash and cash equivalents at 1 January			**2,528**		1,167
Cash and cash equivalents at 31 December	17(a)		**34,605**		2,528
Analysis of cash and cash equivalents at the end of the year					
Cash and bank balances			**34,605**		2,528

The accompanying notes on pages 58 to 122 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

China Hongguang Holdings Limited (the "Company") was incorporated in the Cayman Islands on 25 May 2017 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands. The Company's shares are listed on GEM ("GEM") of The Stock Exchange of Hong Kong Limited from 13 January 2020. The Group, comprising the Company and its subsidiaries, are principally engaged in the manufacture and sales of glass products in the People's Republic of China ("PRC").

The address of the registered office and principal place of business of the Company are Room 1202, 1204–06, 12th Floor, The Chinese Bank Building, 61 Des Voeux Road Central, Central, Hong Kong and Eastside of Middle of Rongchi Road, Xianqiao, Rongcheng, Jieyang, Guangdong, the PRC respectively.

The Company is an investment holding company and the principal activities of its subsidiaries are manufacturing and sales of glass products in the People's Republic of China ("PRC"). Particulars of the Group's subsidiaries are set out in note 26 to the consolidated financial statements.

The directors consider the immediate holding company of the Company to be Ming Liang Global Limited ("Ming Liang Global"), which was incorporated in the British Virgin Islands.

The entire issued share capital of Ming Liang Global is held by Wei Family Limited, which is in turn entirely held by IQ EQ (BVI) Limited, acting as the trustee of The Wei Family Trust. The Wei Family Trust is a discretionary trust established by the directors of the Company, Mr. Wei Jiakun, Ms. Lin Weishan (the spouse of Mr. Wei Jiakun), and Ms. Liu Rong (the mother of Mr. Wei Jiakun) as the settlors and the beneficiaries of The Wei Family Trust include Mr. Wei Jiakun, Ms. Lin Weishan, Ms. Liu Rong and certain family members of Mr. Wei Jiakun. Accordingly, the directors also consider that Mr. Wei Jiakun, Ms. Lin Weishan and Ms. Liu Rong, being collectively, are ultimate controlling parties of the Company.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) issued by the International Accounting Standard Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). Material accounting policy information adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group, details of which are set out in Note 2(c). None of these amendments to IFRS Accounting Standards have had a material effect on the Group's consolidated financial statements for the current or prior accounting periods.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Basis of preparation of consolidated financial statements

The consolidated financial statements for the year ended 31 December 2025 include the financial statements of the Company and its subsidiaries.

Items included in the consolidated financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "Functional Currency"). The functional currency of the Company and certain subsidiaries incorporated outside Mainland China is HK$ and the functional currency of the subsidiaries established in Mainland China is RMB, which is the currency of the primary economic environment in which those entities operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Except for share and earning per share information, the consolidated financial statements are presented in Renminbi ("RMB") rounded to the nearest thousands, which is the presentation currency.

The consolidated financial statements have been prepared on the historical cost basis except for equity instrument that is measured at fair value at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Basis of preparation of consolidated financial statements *(Continued)*

The preparation of consolidated financial statements in conformity with IFRS 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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3 to the consolidated financial statements.

(c) Application of amendments to IFRS Accounting Standards

(i) New and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standard Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards 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.

(Expressed in Thousand Renminbi Yuan)

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Application of amendments to IFRS Accounting Standards *(Continued)*

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

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Groups intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become 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 – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9 , IFRS 10 and IAS 7[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]

1 No mandatory effective date yet determined but available for adoption.
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The results of a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any identified impairment losses (see note 2(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Business combinations or asset acquisitions *(Continued)*

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 or IFRIC interpretation 21, in which the Group applies IAS 37 or IFRIC interpretation 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Business combinations or asset acquisitions *(Continued)*

***Business combinations** (Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Business combinations or asset acquisitions *(Continued)*

Business combinations *(Continued)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and any identified impairment losses (see note 2(i)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment (other than construction in progress), less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Plant and buildings	5–20 years
Machinery and equipment	2–10 years
Office and other equipment	3–10 years
Leasehold improvement	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less any identified impairment losses (see note 2(i)(ii)).

Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with those leases which are not capitalised are recognised as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– 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 under a residual value guarantee; and

– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Leases *(Continued)*

As a lessee *(Continued)*

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Leases *(Continued)*

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(u)(ii).

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as other borrowings within the scope of IFRS 9.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and bill receivables and other receivables); and

– contract assets as defined in IFRS 15 (see note 2(k)).

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and bill and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Significant increase in credit risk

In assessing whether the credit risk of a financial instrument is increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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.

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

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(u)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit impairment

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use asset; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- *Calculation of recoverable amount*

  The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- *Recognition of impairment losses*

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- *Reversals of impairment losses*

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(m)).

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.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognized 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 by regulation or convention in the market place.

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 or financial liabilities 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.

The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable market. In other circumstances, the Group recognise the difference between the fair value at initial recognition and the transaction price in other reserve.

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.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments.

(m) Trade and bill and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(k)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(i)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(i)(i).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value, and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(w)).

(q) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss in respect of the period as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss in respect of the period as they become payable in accordance with the rules of the central pension scheme.

(r) Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(u) Revenue and other income *(Continued)*

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of glass products

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the control of goods and services transferred under the contract on a relative stand-alone selling price basis.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(i)(i)).

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(u) Revenue and other income *(Continued)*

(iv) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM") being the most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 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.

(a) Sources of estimation uncertainty

Key sources of estimation uncertainty are as follows:

(i) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the ageing of trade receivable balances, the repayment history of the Group's individual customers, current market conditions and customer-specific conditions, all of which involve a significant degree of management judgement. The provision of ECLs is sensitive to changes in circumstances and of customer-specific conditions. The information about the ECLs and trade receivables are disclosed in notes 16 and 24(a). If the financial condition of the customers was to deteriorate, actual loss allowance would be higher than estimated.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(a) Sources of estimation uncertainty *(Continued)*

(ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the end of the reporting period to ensure inventories are recognised at the lower of cost and net realisable value.

(iii) Fair value measurement of equity instrument

As at 31 December 2025, certain of the Group's equity instrument amounting to RMB28,131,000 (2024: RMB28,012,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 25 for further disclosures.

(iv) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives after taking into account their estimated residual values. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation charges for the future years.

(v) Impairment of property, plant and equipment and right-of-use assets

Management of the Group determines on a regular basis whether there are any indications that the property, plant and equipment and right-of-use assets are impaired. Impairment loss for property, plant and equipment and right-of-use assets are recognised when the carrying amounts of each of the assets exceed their respective recoverable amounts, which are determined based on the higher of fair value less costs of disposal and value in use. The fair values of property, plant and equipment and right-of-use assets are estimated by reference to their expected selling prices which are affected by various factors, including market conditions and the technological occurrence. The value in use calculation requires the use of estimates such as the future revenue and discount rates. If the recoverable amounts of property, plant and equipment and right-of-use assets are estimated to be less than their respective carrying amounts, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised in profit or loss in respect of the period. As at 31 December 2025, the carrying amounts of property, plant and equipment and right-of-use assets are approximately RMB47,014,000 (2024: RMB29,218,000) and RMB1,275,000 (2024: RMB1,332,000) respectively. No impairment loss of property, plant and equipment and right-of-use assets has been recognised in respect of the current and prior years.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group derives all its revenue from the sales of glass products in the PRC. Revenue represents the sales value of goods sold to customers.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products lines is as follows:

	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products lines		
– Sales of energy-efficient safety glass products	**237,353**	219,979
– Sales of smart glass products	**5,226**	22,224
	242,579	242,203

All revenue was recognised at a point in time under IFRS 15.

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

(i) Disaggregation of revenue *(Continued)*

The following shows the major customers of the Group who contribute more than 10% of the total revenue for the year ended 31 December 2025 and 2024:

	2025	2024
	RMB'000	RMB'000
Customer A	**50,027**	82,783
Customer B	**N/A**[1]	27,851
Customer C	**35,397**	N/A[2]
Customer D	**31,084**	N/A[2]

Note:

1. The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2025.

2. The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2024.

(ii) Performance obligations for contracts with customers

The Group sells glass products directly to customers. Revenue is recognised when control of the glass products has transferred, being when the goods have been transported to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. The group has not provided any warranty, obligations for returns and refunds for sales of glass products. The normal credit term is 30 to 270 days upon delivery.

(iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for glass products such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of glass products that had an original expected duration of one year or less.

(b) Segment reporting

IFRS 8 requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's CODM for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sale of glass products.

(c) Geographical information

The Group is located in the PRC and all of the Group's revenue is generated from contracts with customers in the PRC based on the place of establishment of the customers, and all of the Group's non-current assets are located in the PRC. Thus, no geographical information is presented.

5 OTHER NET INCOME

	2025	2024
	RMB'000	RMB'000
Interest income	**1**	2
Government grants (note)	**1,962**	5,813
Others	**810**	370
	2,773	6,185

Note: Government grants mainly includes: (a) government grants of which their conditions have been fulfilled by the Group up to end of the respective reporting periods; (b) deferred revenue recognised in profit or loss on a systematic basis over the useful lives of the assets relative to the government grants received.

6 PROFIT BEFORE INCOME TAX

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2025	2024
	RMB'000	RMB'000
Interest on bank loans	**2,658**	2,923
Interest on other borrowings	**488**	1,203
Total interest expenses on financial liabilities not at fair value through profit or loss	**3,146**	4,126

(b) Staff costs

	2025	2024
	RMB'000	RMB'000
Contributions to defined contribution retirement plan (note)	**1,026**	1,118
Salaries, wages and other benefits	**4,232**	4,931
Total staff costs (including directors' emoluments (note 8))	**5,258**	6,049

Note: Employees of the Group's PRC subsidiary are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiary contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

6 PROFIT BEFORE INCOME TAX *(Continued)*

(c) Other items

	2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment	**5,873**	9,670
Depreciation of right-of-use assets	**57**	57
(Reversal of impairment losses)/impairment losses on trade and bill receivables and other receivables recognised (note 1)	**(8,743)**	22,432
Auditor's remuneration		
– Audit services	**930**	930
– Non-audit services	**–**	–
Research and development expenses (note 2)	**9,940**	11,413
Cost of inventories (note 15)	**168,565**	179,087

Notes:

1. (Reversal of impairment losses)/impairment losses on trade and bill receivables and other receivables recognised are included in the General and administrative expenses.

2. Research and development expenses included staff costs of RMB768,000 and RMB1,016,000, and depreciation of RMB4,028,000 and RMB4,132,000, for the years ended 31 December 2025 and 2024 respectively, which are also included in the respective total amounts disclosed separately above or in note 6(b).

7 INCOME TAX EXPENSE

(a) Income tax expense in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for PRC income tax for the year	**7,485**	5,820
Over-provision for PRC income tax in prior years	**(163)**	(114)
	7,322	5,706
Deferred tax		
Reversal of temporary differences (note 21(b))	**1,375**	(3,222)
	1,375	(3,222)
	8,697	2,484

7 INCOME TAX EXPENSE *(Continued)*

(b) The income tax expense can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	NOTES	**2025** **RMB'000**	2024 RMB'000
Profit before income tax		**65,737**	23,625
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned		**17,238**	6,889
Tax effect of non-deductible expenses		**10**	5,640
Tax effect of non-taxable income		**(2,292)**	–
Tax effect of preferential tax rate	(iii)	**(4,990)**	(3,880)
Additional deduction for qualified research and development expenses	(iv)	**(2,485)**	(2,853)
Tax effect of temporary difference		**1,375**	(3,222)
Tax effect of tax loss not allowable		**4**	24
Over-provision in prior years		**(163)**	(114)
Income tax expense		**8,697**	2,484

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong Profits Tax was made for the subsidiary incorporated in Hong Kong as the subsidiary did not have income subject to Hong Kong Profits Tax during the reporting periods.

(iii) The PRC subsidiary, Jieyang Hongguang Coated Glass Co., Ltd. ("Hongguang Glass") is subject to the PRC statutory income tax rate of 25%. Hongguang Glass was accredited as a "High and New Technology Enterprise" in October 2014 and renewed its certificate for every three years which it is entitled to a preferential income tax rate of 15% pursuant to the current applicable Corporate Income Tax ("CIT") Law and its regulations. In December 2023, the Company renewed its certificate for another three years from December 2023 to December 2026.

(iv) Under the CIT Law of the PRC and its relevant regulation, an additional 100% (2024: 100%) tax deduction is allowed for qualified research and development expenses actually incurred.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2025

	Directors' fees RMB'000	**Salaries, allowances and benefits in kind RMB'000**	**Contributions to retirement benefit schemes RMB'000**	**Total RMB'000**
Executive directors				
Ms. Lin Weishan	**–**	**96**	**23**	**119**
Mr. Wei Jiakun	**–**	**144**	**35**	**179**
Ms. Li Wanna	**–**	**72**	**18**	**90**
Independent non-executive directors				
Ms. Mao Shue	**81**	**–**	**–**	**81**
Mr. Jia Xiaogang	**108**	**–**	**–**	**108**
Mr. Wu Yong	**108**	**–**	**–**	**108**
Ms. Chen Xiuyan	**27**	**–**	**–**	**27**
	324	**312**	**76**	**712**

For the year ended 31 December 2024

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to retirement benefit schemes RMB'000	Total RMB'000
Executive directors				
Ms. Lin Weishan	–	96	21	117
Mr. Wei Jiakun	–	144	33	177
Mr. Chen Biming	–	40	9	49
Ms. Li Wanna	–	72	17	89
Independent non-executive directors				
Ms. Chen Xiuyan	111	–	–	111
Mr. Jia Xiaogang	111	–	–	111
Mr. Wu Yong	111	–	–	111
	333	352	80	765

8 DIRECTORS' EMOLUMENTS *(Continued)*

Mr. Chen Biming resigned as executive director of the Company on 11 July 2024.

Ms. Chen Xiuyan, Mr. Jia Xiaogang and Mr. Wu Yong were appointed as independent non-executive directors of the Company in January 2020 and Ms. Chen Xiuyan resigned on 25 March 2025. Ms. Mao Shue was appointed as independent non-executive director of the Company on 25 March 2025.

No directors of the Company waived or agreed to waive any remuneration during the year (2024: Nil).

During the year, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments, two (2024: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2024: three) highest employees (other than directors) are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries and other emoluments	**288**	288
Retirement scheme contributions	**70**	67
	358	355

The emoluments of the three (2024: three) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK$Nil–HK$1,000,000	**3**	3

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2025	2024
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to owners of the Company	**57,040**	21,141

	2025	2024
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue during the year	**583,374**	458,990

(b) Diluted earnings per share

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

11 DIVIDENDS

The directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2025 (2024: Nil).

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Plant and buildings RMB'000	Machinery and equipment RMB'000	Office and other equipment RMB'000	Construction in Progress RMB'000	Total RMB'000
Cost:						
At 1 January 2024, 31 December 2024 and 1 January 2025	3,268	7,128	95,544	6,696	–	112,636
Additions	–	–	–	–	23,669	23,669
At 31 December 2025	3,268	7,128	95,544	6,696	23,669	136,305
Accumulated depreciation:						
At 1 January 2024	1,232	6,187	61,217	5,112	–	73,748
Charge for the year	627	184	8,675	184	–	9,670
At 31 December 2024 and 1 January 2025	1,859	6,371	69,892	5,296	–	83,418
Charge for the year	627	175	4,887	184	–	5,873
At 31 December 2025	2,486	6,546	74,779	5,480	–	89,291
Net book value:						
At 31 December 2025	782	582	20,765	1,216	23,669	47,014
At 31 December 2024	1,409	757	25,652	1,400	–	29,218

The Group's property, plant and equipment are all located in the PRC.

Property, plant and equipment with net book value of RMB87,000 (2024: RMB87,000) were pledged as security for bank loans amounting to RMB31,822,110 (2024: RMB37,200,000) as at 31 December 2025.

At the end of the reporting period, property, plant and equipment with net book value of RMB1,516,000 (2024: RMB17,640,000) were held by the Group under sale and leaseback arrangement (Note 20).

The Group has not obtained property ownership certificates for certain plant and buildings with net book value of RMB101,000 (2024: RMB101,000) as at 31 December 2025.

13 RIGHT-OF-USE ASSETS

	Land use right
	RMB'000
Cost:	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	4,058
Accumulated depreciation:	
At 1 January 2024	2,669
Charge for the year	57
At 31 December 2024	2,726
At 1 January 2025	2,726
Charge for the year	57
At 31 December 2025	2,783
Net book value:	
At 31 December 2025	1,275
At 31 December 2024	1,332

Right-of-use assets represent costs for obtaining the right to use PRC leasehold land for 22–50 years.

The Group has not obtained title owner certificates for land use rights with net book value of RMB879,000 (2024: RMB918,000) as at 31 December 2025.

14 EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	RMB'000	RMB'000
Unlisted:		
Equity investment (note)	**28,131**	28,012

Note: The above unlisted equity investment represent the Group's equity interest in a private entity established in the PRC. The directors of the Company have elected to designate this investment in equity instrument as at fair value through other comprehensive income as they believe that recognising short-term fluctuations in the investments' fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long term purposes and realising its performance potential in the long run.

15 INVENTORIES

	2025	2024
	RMB'000	RMB'000
Inventories		
Glass manufacturing		
– Raw materials	**21,245**	22,153
– Finished goods	**134,363**	143,633
	155,608	165,786

An analysis of the amount of inventories recognised as an expense and included in consolidated statement of profit or loss and other comprehensive income is as follows:

	2025	2024
	RMB'000	RMB'000
Carrying amounts of inventories sold	**168,565**	179,087
Cost of inventories directly recognised as research and development expenses	**4,755**	5,975
	173,320	185,062

16 TRADE AND BILL RECEIVABLES AND OTHER RECEIVABLES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade receivables	**197,836**	214,929
Bill receivables	**40,177**	–
Less: Loss allowance recognised	**(30,585)**	(39,328)
Trade receivables measured at amortised cost	**207,428**	175,601
Deposits, prepayments and other receivables	**84,275**	59,961
Less: Loss allowance recognised	**–**	(500)
	291,703	235,062

Aged analysis

As of the end of the reporting period, the aged analysis of trade and bill receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 3 months	**135,674**	83,736
3 to 6 months	**41,769**	21,598
6 to 12 months	**24,813**	30,865
Over 1 year	**5,172**	39,402
	207,428	175,601

Further details on the Group's credit policy and credit risk arising from trade and bill receivables and other receivables are set out in note 24(a).

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cash at banks and on hand	**34,605**	2,528

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The carrying amounts of the cash and cash equivalents approximate to their fair values.

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

(b) Reconciliation of liabilities arising from financing activities

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

	Bank loans RMB'000 (note 19)	Other borrowings RMB'000 (note 20)	Interest payables RMB'000	Total RMB'000
At 31 December 2024 and 1 January 2025	**63,474**	**9,092**	**–**	**72,566**
Changes from financing cash flows:				
Proceeds from new loans	**41,889**	**–**	**–**	**41,889**
Repayment of loans	**(54,736)**	**(7,255)**	**–**	**(61,991)**
Interest paid	**–**	**–**	**(3,146)**	**(3,146)**
Total changes from financing cash flows	**(12,847)**	**(7,255)**	**(3,146)**	**(23,248)**
Other change:				
Interest expenses (note 6(a))	**–**	**–**	**3,146**	**3,146**
Total other change	**–**	**–**	**3,146**	**3,146**
At 31 December 2025	**50,627**	**1,837**	**–**	**52,464**

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank loans RMB'000 (note 19)	Other borrowings RMB'000 (note 20)	Interest payables RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	62,400	16,892	–	79,292
Changes from financing cash flows:				
Proceeds from new loans	57,948	6,500	–	64,448
Repayment of loans	(56,874)	(14,300)	–	(71,174)
Interest paid	–	–	(4,126)	(4,126)
Total changes from financing cash flows	1,074	(7,800)	(4,126)	(10,852)
Other change:				
Interest expenses (note 6(a))	–	–	4,126	4,126
Total other change	–	–	4,126	4,126
At 31 December 2024	63,474	9,092	–	72,566

18 TRADE AND OTHER PAYABLES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade payables	**4,662**	6,457
Other payables and accruals (note)	**20,105**	32,172
Total	**24,767**	38,629

All trade and other payables are expected to be settled within one year.

Note: Contract liabilities included in other payables of approximately RMB4,923,000 (2024: RMB11,683,000) for the year ended 31 December 2025. Amount due to the director included in other payables of approximately RMB1,849,000 (2024: RMB1,000,000) for the year ended 31 December 2025. The amount due to the director is unsecured, interest free and repayable within one year.

As of the end of the reporting period, the aged analysis of trade payables, based on the invoice date, is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 month	**2,724**	2
1 to 3 months	**13**	1,819
Over 3 months	**1,925**	4,636
	4,662	6,457

19 BANK LOANS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Secured bank loans repayable:		
– Within 1 year or on demand	**50,627**	63,474

19 BANK LOANS *(Continued)*

	31 December 2025 RMB'000	31 December 2024 RMB'000
Analysis for reporting purposes:		
Classified under:		
– Current liabilities	**50,627**	63,474

The bank loans were secured by the guarantees given by Ms. Lin Weishan, Mr. Wei Jiakun and Ms. Liu Rong (the "Guarantors"). These individuals are shareholders of the Company's immediate holding company, Ming Liang Global Limited. Ms. Lin Weishan and Mr. Wei Jiakun are also directors of the Company.

In addition to the above, the bank loans amounted to RMB31,822,110 (2024: RMB37,200,000) as at 31 December 2025 were secured by the Group's property, plant and equipment (see note 12).

As at 31 December 2025, the bank loans carried interest at interest rates ranged 3.3%–7.42% (2024: 3.35%–7.42%) per annum.

20 OTHER BORROWINGS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Secured other borrowings repayable:		
– Within 1 year or on demand	**1,725**	7,250
– Over 1 year and not more than 2 years	**112**	1,842
	1,837	9,092

20 OTHER BORROWINGS *(Continued)*

	31 December 2025 RMB'000	31 December 2024 RMB'000
Analysis for financial reporting purpose:		
Classified under:		
– Current liabilities	**1,725**	7,250
– Non-current liabilities	**112**	1,842
	1,837	9,092

During the year ended 31 December 2024, the Group entered into certain agreements with third parties, pursuant to which the Group disposed of its machineries to these third parties for an aggregate consideration of RMB6,500,000, and thereafter leases back such machineries for a period of 1–2 years with the options granted to the Group to repurchase these machineries at nominal considerations at the end of the lease periods. Ms. Lin Weishan, Mr. Wei Jiakun, Ms. Liu Rong (Note 19) have given guarantee for the Group's obligations under the agreement for both years ended 31 December 2025 and 2024. In this connection, rentals payment for the lease of the machineries amounted to a total of RMB7,712,000 (2024: RMB12,099,000) were paid by the Group in respect of the current year under review.

Management is of the view that the transfer of the machineries under the above agreements does not satisfy the requirements as a sale of assets under IFRS 15, accordingly the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as other borrowings and monthly rental paid by the Group are recognised as repayment of other borrowings and interest thereon.

On initial recognition and at the end of the reporting period, the other borrowings are carried at the effective interest rates of 4.84%–8% per annum.

21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payable presented in the consolidated statement of financial position represents:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Balance at 1 January	**13,288**	10,121
Provision for PRC income tax for the year (note 7(a))	**7,485**	5,820
Over-provision for PRC income tax in prior years (note 7(a))	**(163)**	(114)
Payment made during the year	**(1,407)**	(2,539)
Balance at 31 December	**19,203**	13,288

21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

(b) Deferred tax assets recognised

(i) Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Deferred tax assets attributable to		
Deferred tax arising from:	**Accruals and provisions** RMB'000	**Deferred revenue** RMB'000	**Total** RMB'000
At 1 January 2024	3,024	507	3,531
Credited/(charged) to profit or loss (note 7(a))	3,366	(144)	3,222
At 31 December 2024 and 1 January 2025	**6,390**	**363**	**6,753**
Charged to profit or loss (note 7(a))	**(1,311)**	**(64)**	**(1,375)**
At 31 December 2025	**5,079**	**299**	**5,378**

(ii) Reconciliation to the consolidated statement of financial position

	31 December 2025 RMB'000	31 December 2024 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	**5,378**	6,753
Net deferred tax liability recognised in the consolidated statement of financial position	**–**	–
	5,378	6,753

21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

(c) Deferred tax liabilities not recognised

The new CIT Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings of PRC enterprises accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. The Group has not recognised deferred tax liabilities in respect of the undistributed earnings of approximately RMB335,379,000 as at 31 December 2025 (2024: RMB275,114,000) as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

22 DEFERRED REVENUE

	31 December 2025 RMB'000	31 December 2024 RMB'000
Government grants	**1,993**	2,417

	31 December 2025 RMB'000	31 December 2024 RMB'000
Movements of the deferred revenue during the year are as follows:		
At 1 January	**2,417**	3,376
Recognised to profit or loss	**(424)**	(959)
At 31 December	**1,993**	2,417

The government grants are related to the purchase, construction or acquisition of the long-term assets by the Group. The amount recognised in the profit or loss is included in other net income (note 5).

23 SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

	NOTE	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024		4,114	93,625	839	(32,342)	66,236
Changes in equity for 2024:						
Total comprehensive expense for the year		–	–	2,180	(3,879)	(1,699)
Balance at 31 December 2024	30	4,114	93,625	3,019	(36,221)	64,537
Balance at 31 December 2024 and 1 January 2025		**4,114**	**93,625**	**3,019**	**(36,221)**	**64,537**
Changes in equity for 2025:						
Total comprehensive expense for the year		**–**	**–**	**(4,468)**	**(3,201)**	**(7,669)**
Issue of shares		**2,283**	**64,141**	**–**	**–**	**66,424**
Transaction costs of issue of shares		**–**	**(302)**	**–**	**–**	**(302)**
Balance at 31 December 2025	30	**6,397**	**157,464**	**(1,449)**	**(39,422)**	**122,990**

23 SHARE CAPITAL AND RESERVES *(Continued)*

(b) Share capital

Ordinary shares, issued and fully paid:	**No. of shares** '000	HK$'000	Equivalent to RMB'000
At 1 January 2024 and 31 December 2024	458,990	4,590	4,114
Issue of shares (ordinary shares of HK$0.01 each) (i)	250,000	2,500	2,283
At 31 December 2025	708,990	7,090	6,397

(i) Issue of ordinary shares by share subscription

On 4 September 2024, the Company entered into the Share Subscription Agreement with Ming Liang Global pursuant to which the Company has conditionally agreed to allot and issue, and Ming Liang Global has conditionally agreed to subscribe for, 150,000,000 Subscription Shares on the terms of Share Subscription Agreement.

On 2 July 2025, the Company allotted and issued 150,000,000 ordinary shares at a price of HK$0.286 per share to Ming Liang Global and proceeds of the Share Subscription were received by the Group in July 2025.

On 4 September 2024, the Company entered into the Independent Subscribers Share Subscription Agreement with an Independent Subscribers pursuant to which the Company has conditionally agreed to allot and issue, and Independent Subscribers have conditionally agreed to subscribe for, 100,000,000 Subscription Shares on the terms of Independent Subscribers Share Subscription Agreement.

On 3 July 2025, the Company allotted and issued 100,000,000 ordinary shares at a price of HK$0.286 per share to the Independent Subscribers and proceeds of the Share Subscription were received by the Group in July 2025.

(c) Share premium

The share premium represents the difference between the par value of and consideration received for 33 shares issued to two pre-IPO investors in July 2018; the difference between the par value of and consideration received for 75,000,000 ordinary shares by initial public offering in January 2020; the difference between the par value of and consideration received for 99,000,000 and 59,990,000 ordinary shares by share subscription in October 2022 and June 2023. and the difference between the par value of and consideration received for 150,000,000 and 100,000,000 ordinary shares by share subscription in July 2025. Under the Companies Act of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company.

23 SHARE CAPITAL AND RESERVES *(Continued)*

(d) Capital reserve

On 11 July 2018, the Company, through its wholly-owned subsidiary, acquired the entire equity interests of Hongguang Glass at an aggregate consideration of approximately RMB4,582,000 as part of the Reorganisation. Both the Company and Hongguang Glass were under common control immediately before and after the Reorganisation. The consideration paid was accounted for as deemed distribution to the Company's shareholders with the amount of consideration in excess of the paid-in capital of Hongguang Glass recorded in capital reserve.

(e) PRC statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, a subsidiary of the Group which is domestic enterprise is required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to its respective statutory reserves until the reserves reach 50% of its respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(f) Other reserve

The other reserve represents cumulative gains and losses arising from initial recognition and revaluation of equity instruments at FVTOCI that have been recognised in other comprehensive income. Gains and losses arising from revaluation of equity instruments at FVTOCI will not be reclassified to profit or loss in subsequent periods.

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is calculated as bank loans and other borrowings, less cash and cash equivalents. Adjusted capital represents total equity attributable to equity shareholders of the Company.

23 SHARE CAPITAL AND RESERVES *(Continued)*

(g) Capital management *(Continued)*

During the years ended 31 December 2025, the Group's strategy was to maintain the adjusted net debt-to-capital ratio at a range considered reasonable by management. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's adjusted net debt-to-equity ratio at the end of the current and previous reporting periods was as follows:

	NOTES	**31 December 2025 RMB'000**	31 December 2024 RMB'000
Bank loans	19	**50,627**	63,474
Other borrowings	20	**1,837**	9,092
Total debt		**52,464**	72,566
Less: Cash and cash equivalents	17(a)	**(34,605)**	(2,528)
Adjusted net debt		**17,859**	70,038
Total equity attributable to owners of the Company		**465,287**	341,791
Adjusted capital		**465,287**	341,791
Adjusted net debt-to-capital ratio		**3.8%**	20.5%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The financial assets and financial liabilities are summaries as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Financial assets		
At fair value		
Equity instrument at FVTOCI	**28,131**	28,012
At amortised cost		
Trade and bill receivables and other receivables	**207,484**	176,759
Cash and cash equivalents	**34,605**	2,528
	270,220	207,299
Financial liabilities		
At amortised cost		
Financial liabilities included in trade and other payables	**19,843**	26,946
Bank loans	**50,627**	63,474
Other borrowings	**1,837**	9,092
	72,307	99,512

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and bill receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks for which the Group considers to have low credit risk.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade and bill receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2025 and 2024, 60% and 56% of the total trade and bill receivables was due from the Group's five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade and bill receivables are mainly due within 30 to 270 days from the date of delivery. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and bill receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience 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.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and bill receivables:

		31 December 2025	
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	**3.9%**	**145,259**	**5,665**
0–180 days past due	**13.3%**	**67,516**	**8,980**
181–270 days past due	**20.2%**	**5,225**	**1,058**
271–360 days past due	**25.2%**	**4,968**	**1,252**
361–450 days past due	**53.0%**	**3,011**	**1,596**
Over 450 days past due	**100.0%**	**12,034**	**12,034**
		238,013	**30,585**

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade and bill receivables *(Continued)*

	31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	3.6%	113,062	4,104
0–180 days past due	7.7%	37,968	2,935
181–270 days past due	17.7%	30,260	5,354
271–360 days past due	42.9%	10,599	4,547
361–450 days past due	68.1%	2,042	1,390
Over 450 days past due	100%	20,998	20,998
		214,929	39,328

Expected loss rate is taking into account the similar ageing of trade and bill receivables, the repayment history of customers, current market conditions and customer-specific conditions. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade and bill receivables during the year is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Balance at 1 January	**39,328**	17,396
Loss allowance (reversed)/recognised during the year	**(8,743)**	21,932
Balance at 31 December	**30,585**	39,328

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2025			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand RMB'000	**More than 1 year but less than 5 years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
Financial liabilities included in trade and other payables	**19,843**	**–**	**19,843**	**19,843**
Bank loans	**52,342**	**–**	**52,342**	**50,627**
Other borrowings	**1,779**	**116**	**1,895**	**1,837**
	73,964	**116**	**74,080**	**72,307**

	As at 31 December 2024			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand RMB'000	More than 1 year but less than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Financial liabilities included in trade and other payables	38,629	–	38,629	38,629
Bank loans	65,018	–	65,018	63,474
Other borrowings	7,737	1,900	9,637	9,092
	111,384	1,900	113,284	111,195

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans and other borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans at the end of the reporting period.

	2025 Effective interest rate %	**2025** RMB'000	2024 Effective interest rate %	2024 RMB'000
Fixed rate borrowings:				
Bank loans	**3.7%–7.42%**	**45,427**	3.35%–7.42%	56,674
Other borrowings	**7.43%–8.00%**	**1,837**	4.57%–11.82%	9,092
Variable rate borrowings:				
Bank loans	**3.3%**	**5,200**	3.4%	6,800
Total borrowings		**52,464**		72,566
Fixed rate borrowings as a percentage of total borrowings		**90.09%**		90.6%

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB44,000 (2024: RMB58,000).

The sensitivity analysis above had been determined based on the exposure to interest rates at the end of reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year and it represents management's assessment of the reasonably possible change in interest rates. The analysis is preformed on the same basis as 2024.

(d) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly dominated in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The directors considered the Group's exposure to foreign currency risk is not significant during the reporting period.

(e) Fair value measurement

Except for equity instrument that measure at fair value, all of the Group's financial instruments were carried at amortised cost. Their carrying amounts were not materially different from their fair values as at 31 December 2025 and 2024.

25 FAIR VALUE HIERARCHY MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

The Group has estimated the fair value of these unlisted investments by using the valuation technique based on the income approach method.

Fair value hierarchy as at 31 December 2025

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Equity instrument at FVTOCI				
Unlisted equity investment	**–**	**–**	**28,131**	**28,131**

Fair value hierarchy as at 31 December 2024

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Equity instrument at FVTOCI				
Unlisted equity investment	–	–	28,012	28,012

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

During the years ended 31 December 2025 and 2024, there were no instruments transfers between level 1, level 2 and level 3.

25 FAIR VALUE HIERARCHY MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(Continued)*

Information about level 3 fair value measurement

	2025 RMB'000	2024 RMB'000	**Valuation techniques**	**Significant unobservable inputs**
Unlisted equity instrument at FVTOCI	**28,131**	28,012	income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate	Revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries ranging from 0% to 4% (2024: 0% to 4%). Pre-tax operating margin, taking into account management's experience and knowledge of market conditions of the specific industries ranging from 16.0% to 17.9% (2024: 15.7% to 17.9%). Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model of 12.0% (2024: 12.0%). Discount for minority and lack of marketability of 8% (2024: 8%).

Note: As at 31 December 2025, the Group's 5% unlisted equity investment at equity instrument at FVTOCI was determined by reference to the valuation carried out by an independent qualified professional valuer. A 5% increase in the revenue growth rates holding all other variables constant would increase the fair value of the unlisted equity instrument by RMB688,000 (2024: RMB251,000). A 5% increase in the discount rate holding all other variables constant would decrease the fair value of the unlisted equity instrument by RMB147,000 (2024: 1,383,000).

(ii) Reconciliation of Level 3 fair value measurements

	Equity instrument at FVTOCI RMB'000
At 1 January 2024	–
Purchased	25,227
Total gains in other comprehensive income	2,785
At 31 December 2024 and 1 January 2025	28,012
Total gains in other comprehensive income	119
At 31 December 2025	28,131

Of the total gains or losses included in other comprehensive income is an amount of RMB119,000 gain (2024: RMB2,785,000) relating to unlisted equity instrument designated as equity instrument at FVTOCI held at the end of the current reporting period.

(Expressed in Thousand Renminbi Yuan)

26 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation/ establishment and operation	Registered capital/issued and fully paid-up capital	Equity attribute to the Company			Principal activities
			Group's effective interest 2025	Held by the Company 2025	Held by a subsidiary 2025	
Hongguang International Limited ("Hongguang International")	British Virgin Islands 25 May 2017	US$1/US$1	100% (2024: 100%)	100% (2024: 100%)	– (2024: Nil)	Investment holding
Hongguang Technology (Hong Kong) Limited ("Hongguang HK")	Hong Kong 12 July 2017	HK$1/HK$1	100% (2024: 100%)	– (2024: Nil)	100% (2024: 100%)	Investment holding
Hongguang Glass* 揭陽市宏光鍍膜玻璃有限公司 ("宏光玻璃")	The PRC 10 April 1992	RMB69,960,000/ RMB24,380,000**	100% (2024: 100%)	– (2024: Nil)	100% (2024: 100%)	Manufacturing and sales of architectural glass products
Novel Prestige Investments Limited	British Virgin Islands 18 March 2021	US$1/US$1	100% (2024: 100%)	100% (2024: 100%)	– (2024: Nil)	Investment holding
Diagon Will Corporation Limited Hong Kong	Hong Kong 18 March 2021	HK$1/HK$1	100% (2024: 100%)	– (2024: Nil)	100% (2024: 100%)	Investment holding
Hongguang Jinggangshan 宏光(井岡山)新材料科技有限公司 ("宏光井岡山")	The PRC 28 July 2025	RMB2,000,000/ RMBNil	100% (2024: Nil)	– (2024: Nil)	100% (2024: Nil)	Dormant
廣州隆光控股有限公司	The PRC 27 July 2021	RMB1,000,000/ RMBNil	100% (2024: 100%)	– (2024: Nil)	100% (2024: 100%)	Dormant

* The English translation of Hongguang Glass is for reference only. The official name of the Company is in Chinese.

** The registered capital of Hongguang Glass increased from RMB4,380,000 in 2019 to RMB69,960,000 in 2021. The paid-in capital of Hongguang Glass increased from RMB4,380,000 in 2019 to RMB24,380,000 in 2021.

27 COMMITMENTS

The Group had other commitments not provided for in the consolidated financial statements in respect of acquisition and construction of property, plant and equipment, as follows:

	2025	2024
	RMB'000	RMB'000
Contracted for	**24,459**	–
Authorised but not contracted for	**–**	2,980
	24,459	2,980

28 MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025, the Group settled other payables arising from additions to construction in progress by endorsing bills receivables of RMB23,669,000 in accordance with the relevant construction contracts. This constituted a major non-cash transaction.

29 RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following related party transactions.

During the reporting period, the directors are of the view that the following companies and persons are related parties of the Group:

Name of party	**Relationship**
Ming Liang Global Limited	Controlling Shareholder
Lin Weishan	Shareholder of Controlling Shareholder and executive director
Wei Jiakun	Shareholder of Controlling Shareholder and executive director
Liu Rong	Shareholder of Controlling Shareholder
Orient Success Ventures Limited	One of the Substantial Shareholders
Chen Biming	Executive director (resigned on 25 March 2025)
Li Wanna	Executive director
Hongguang Mirror Art (揭陽市東山區宏光鏡藝廠有限公司) (Note)	Company controlled by Wei Jiakun and Liu Rong

Note: The English translation of the above company name is for reference only. The official name of the company established in the PRC is in Chinese.

29 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Balances with related parties

	2025	2024
	RMB'000	RMB'000
Amounts due to (non-trade):		
Wei Jiakun	**1,849**	1,000

The amount due to the director is unsecured, interest free and repayable within one year.

(b) Guarantees provided by related parties

	2025	2024
	RMB'000	RMB'000
Controlling Shareholders of the Group's Shareholder	**43,566**	68,025

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 is as follows:

	2025	2024
	RMB'000	RMB'000
Short-term employee benefits	**688**	765

Total remuneration is included in "staff costs" (see note 6(b)).

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	NOTE	**31/12/2025 RMB'000**	31/12/2024 RMB'000
Non-current assets			
Investments in a subsidiary		**–***	–*
Amount due from a subsidiary		**129,717**	68,477
		129,717	68,477
Current assets			
Cash and cash equivalents		**–**	1
		–	1
Current liabilities			
Trade and other payables		**6,727**	3,941
		6,727	3,941
Net current liabilities		**(6,727)**	(3,940)
Net assets		**122,990**	64,537
EQUITY	23(a)		
Share capital		**6,397**	4,114
Reserves		**116,593**	60,423
TOTAL EQUITY		**122,990**	64,537

* The balance represents an amount less than RMB1,000.

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 March 2026 and is signed on its behalf by:

Wei Jiakun)
) *Directors*
Lin Weishan)

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors consider that the immediate holding company of the Company to be Ming Liang Global Limited ("Ming Liang Global"), which is incorporated in the British Virgin Islands. The directors also consider that Mr. Wei Jiakun, Ms. Lin Weishan and Ms. Liu Rong, being collectively, are ultimate controlling parties of the Company. Mr. Wei Jiakun and Ms. Lin Weishan are directors of the Company.

The entire issued share capital of Ming Liang Global is held by Wei Family Limited, which is in turn entirely held by IQ EQ (BVI) Limited, acting as the trustee of The Wei Family Trust. The Wei Family Trust is a discretionary trust established by Mr. Wei Jiakun, Ms. Lin Weishan (the spouse of Mr. Wei Jiakun) and Ms. Liu Rong (the mother of Mr. Wei Jiakun) as the settlors and the beneficiaries of The Wei Family Trust include Mr. Wei Jiakun, Ms. Lin Weishan, Ms. Liu Rong and certain family members of Mr. Wei Jiakun.

FINANCIAL SUMMARY

RESULTS

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	**242,579**	242,203	217,142	208,656	203,074
Profit before taxation	**65,737**	23,625	39,547	39,389	43,588
Income tax	**(8,697)**	(2,484)	(3,819)	(4,829)	(4,588)
Profit for the year	**57,040**	21,141	35,728	34,560	39,000

ASSETS AND LIABILITIES

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	**563,714**	468,691	439,014	407,383	323,960
Total liabilities	**98,427**	126,900	121,097	138,067	123,383
Total equity	**465,287**	341,791	317,917	269,316	200,577