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CHINA ANCHU ENERGY STORAGE GROUP LIMITED

中國安儲能源集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2399)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of China Anchu Energy Storage Group Limited (the “**Company**”) is pleased to announce the audited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 (the “**Year**”).

ANNUAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
Revenue	4	88,533	467,010
Cost of sales		(68,465)	(361,319)
Gross profit		20,068	105,691
Other income and other gains or losses	5	25,790	20,805
Impairment loss of investment properties		(29,469)	(11,004)
Impairment loss of right-of-use assets		–	(14,238)
Impairment loss of property, plant and equipment		(5,547)	–
Fair value change on financial liabilities at fair value through profit or loss (“ FVTPL ”)		(8,151)	–
Provision for expected credit losses (“ ECL ”), net of reversal		(202,742)	(211,311)
Selling and distribution expenses		(4,548)	(25,493)
Administrative and other operating expenses		(108,040)	(156,973)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

Year ended 31 December 2025

(Expressed in Renminbi)

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Loss from operations		(312,639)	(292,523)
Finance costs	<i>6(a)</i>	<u>(25,237)</u>	<u>(24,535)</u>
Loss before tax	<i>6</i>	(337,876)	(317,058)
Income tax credit/(expense)	<i>7</i>	<u>11,085</u>	<u>(44,072)</u>
Loss for the year		<u>(326,791)</u>	<u>(361,130)</u>
Loss for the year attributable to:			
Equity owners of the Company		(294,730)	(351,045)
Non-controlling interests		<u>(32,061)</u>	<u>(10,085)</u>
		<u>(326,791)</u>	<u>(361,130)</u>
Other comprehensive (loss)/income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the Group entities		<u>(6,113)</u>	<u>977</u>
Other comprehensive (loss)/income for the year		<u>(6,113)</u>	<u>977</u>
Total comprehensive loss for the year		<u>(332,904)</u>	<u>(360,153)</u>
Total comprehensive loss attributable to:			
Equity owners of the Company		(300,214)	(349,273)
Non-controlling interests		<u>(32,690)</u>	<u>(10,880)</u>
		<u>(332,904)</u>	<u>(360,153)</u>
Loss per share attributable to equity owners of the Company (RMB cents)			
Basic and diluted	<i>9</i>	<u>(9.68)</u>	<u>(12.52)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

(Expressed in Renminbi)

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		21,010	18,748
Investment properties		362,000	355,901
Right-of-use assets		194,536	198,646
Intangible assets		31,042	35,681
Prepayment for acquisition of property, plant and equipment	<i>10</i>	19,327	54,614
Deferred tax assets		93,879	77,137
		<u>721,794</u>	<u>740,727</u>
Current assets			
Inventories		33,258	30,578
Trade and other receivables	<i>10</i>	389,644	592,082
Cash and cash equivalents		157,066	45,978
		<u>579,968</u>	<u>668,638</u>
Current liabilities			
Trade and other payables	<i>11</i>	395,286	419,244
Bank and other borrowings		388,420	396,000
Lease liabilities		3,366	1,482
Convertible bond		–	3,116
Corporate bonds		19,266	3,878
Loans from a shareholder		56,346	60,346
Tax payable		45,466	38,736
		<u>908,150</u>	<u>922,802</u>
Net current liabilities		<u>(328,182)</u>	<u>(254,164)</u>
Total assets less current liabilities		<u>393,612</u>	<u>486,563</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2025

(Expressed in Renminbi)

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current liabilities			
Bank and other borrowings		9,950	29,990
Loans from a shareholder		15,000	–
Deferred tax liabilities		37,740	37,740
Lease liabilities		1,220	528
Corporate bonds		8,403	23,520
Financial liabilities at FVTPL		30,031	–
		102,344	91,778
Net assets		291,268	394,785
Capital and reserves			
Equity attributable to equity owners			
of the Company			
Share capital	12	6,321	6,183
Reserves		314,497	385,462
		320,818	391,645
Non-controlling interests		(29,550)	3,140
Total equity		291,268	394,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

1 CORPORATE AND GROUP INFORMATION

China Anchu Energy Storage Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 23 December 2013 as an exempted company with limited liability under the Company Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing and sales of energy storage battery in the People’s Republic of China (the “**PRC**”) during the Year.

In preparing these consolidated financial statements, the Directors have considered the future liquidity of the Group. As at 31 December 2025, the Group has net current liabilities of approximately RMB328,182,000 and loss for the year ended 31 December 2025 was approximately RMB326,791,000.

Notwithstanding the aforesaid conditions, these consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. The Directors have prepared the Group’s cash flow projections for the period of not less than 12 months from the date of approval of the consolidated financial statements after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

- (i) The Group has obtained certain banking facilities with banks of maximum credit amounts of RMB487,800,000 by securing certain assets of the Group and financial guarantee from the shareholders of the Company. As at 31 December 2025, the unutilised facilities amount in respect of bank borrowings was approximately RMB94,430,000.
- (ii) The Group obtained a financial support from a shareholder of the Company for not demanding repayment of approximately RMB56,000,000 of loans from a shareholder as at 31 December 2025 for a period of at least 12 months from the date of approval of the consolidated financial statements.
- (iii) As at 31 December 2025, the Group has bank borrowings of RMB398,370,000 and among which bank borrowings of RMB352,970,000 (the “**Secured Bank Borrowings**”) were secured by the Group’s non-current assets including property, plant and equipment, intangible assets, investment properties and right-of-use assets (the “**Pledged Non-current Assets**”) with an aggregate carrying value of RMB571,627,000 as at 31 December 2025. In the opinion of the Directors, should the Group failed to settle the Secured Bank Borrowings when they fall due, after considering that the carrying value of the Pledged Non-current Assets were sufficient to cover the carrying value of the Secured Bank Borrowings by realisation of those assets by the Group or the banks, it will result in net current assets.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of 12 months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, providing for provisions that may be further incurred, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

2.1 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 IASB for the first time, which are mandatorily effective for the Group's financial year ended 31 December 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to IFRS Accounting Standards in the current year 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.

2.2 New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendment 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	Annual Improvements to IFRS Accounting Standards — Volume 11 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 by 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 for the new and amendments to IFRS Accounting Standards mentioned below, the Directors anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statement (“IFRS 18”)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group’s financial statements.

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 HKFRS 18 is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements but is not expected to have material impact on the Group's consolidated financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

Amendment to IFRS Accounting Standards

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

3 SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable and operating segments are as follows

- (a) Menswear apparel;
- (b) Industrial products; and
- (c) Energy storage battery.

The Group's revenue from external customers from each operating segment is set out in note 4 below.

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

Segment revenue and results

Segment revenue represents revenue derived from menswear apparel, industrial products and energy storage battery segments.

Segment results represent the loss before tax reported by each segment without allocation of depreciation and amortisation, impairment losses and head office and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2025 and 2024 are as follows:

For the year ended 31 December 2025

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Consolidated RMB'000
Revenue	<u>70,216</u>	<u>13,242</u>	<u>5,075</u>	<u>88,533</u>
Segment results before the following items	11,182	(331)	(38,809)	(27,958)
Impairment loss on investment properties	(29,469)	-	-	(29,469)
Impairment loss on property, plant and equipment	(5,547)	-	-	(5,547)
Provision for ECL, net of reversal	(10,465)	(184,153)	(8,124)	(202,742)
Depreciation and amortisation	(21,274)	(612)	(12,534)	(34,420)
Change in fair value of financial liabilities at FVTPL	-	-	(8,151)	(8,151)
Segment results	<u>(55,573)</u>	<u>(185,096)</u>	<u>(67,618)</u>	<u>(308,287)</u>
Other revenue and unallocated gains				377
Corporate and other unallocated losses				<u>(29,966)</u>
Loss before tax				(337,876)
Tax (expense)/credit	<u>(15,997)</u>	<u>27,082</u>	<u>-</u>	<u>11,085</u>
				<u>(326,791)</u>

For the year ended 31 December 2024

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Consolidated RMB'000
Revenue	93,124	365,057	8,829	467,010
Segment results before the following items	11,213	59,939	(53,401)	17,751
Impairment loss on investment properties	(11,004)	–	–	(11,004)
Impairment loss on right-of-use assets	(14,238)	–	–	(14,238)
Provision for ECL, net of reversal	6,008	(217,118)	(201)	(211,311)
Depreciation and amortisation	(24,245)	(102)	(10,974)	(35,321)
Segment results	<u>(32,266)</u>	<u>(157,281)</u>	<u>(64,576)</u>	<u>(254,123)</u>
Other revenue and unallocated gains				1,296
Corporate and other unallocated losses				<u>(64,231)</u>
Loss before tax				(317,058)
Tax (expense)/credit	<u>(60,342)</u>	<u>16,270</u>	<u>–</u>	<u>(44,072)</u>
				<u>(361,130)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment assets and liabilities

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

At 31 December 2025

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Unallocated RMB'000	Consolidated RMB'000
Segment assets	<u>654,737</u>	<u>140,206</u>	<u>210,449</u>	<u>296,370</u>	<u>1,301,762</u>
Segment liabilities	<u>440,842</u>	<u>292,647</u>	<u>94,893</u>	<u>182,112</u>	<u>1,010,494</u>

At 31 December 2024

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Unallocated RMB'000	Consolidated RMB'000
Segment assets	<u>711,318</u>	<u>348,159</u>	<u>337,405</u>	<u>12,483</u>	<u>1,409,365</u>
Segment liabilities	<u>543,338</u>	<u>277,761</u>	<u>118,344</u>	<u>75,137</u>	<u>1,014,580</u>

Amounts included in measure of segment profit or loss and segment assets

For the year ended 31 December 2025

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Unallocated RMB'000	Consolidated RMB'000
Addition to non-current assets	48,223	-	15,456	-	63,679
Depreciation and amortisation	(21,274)	(612)	(12,534)	(193)	(34,613)
Loss on disposal of property, plant and equipment	(64)	-	-	-	(64)
Impairment loss of investment properties	(29,469)	-	-	-	(29,469)
Impairment loss of property, plant and equipment	(5,547)	-	-	-	(5,547)
Provision for ECL, net of reversal	(10,465)	(184,153)	(8,124)	-	(202,742)
Change in fair value of financial liabilities at FVTPL	-	-	(8,151)	-	(8,151)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 December 2024

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Unallocated RMB'000	Consolidated RMB'000
Addition to non-current assets	9,998	1,221	2,418	-	13,637
Depreciation and amortisation	(24,245)	(102)	(10,974)	(1,217)	(36,538)
Loss on disposal of property, plant and equipment	(10)	-	(9)	-	(19)
Impairment loss of investment properties	(11,004)	-	-	-	(11,004)
Impairment loss of right-of-use assets	(14,238)	-	-	-	(14,238)
Provision for ECL, net of reversal	6,008	(217,118)	(201)	-	(211,311)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

- segment assets include property, plant and equipment, investment properties, right-of-use assets, intangible assets, prepayment for acquisition of property, plant and equipment, deferred tax assets, inventories, trade and other receivables, cash and cash equivalents. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade and other payables, bank and other borrowings, loans from a shareholder, tax payable, lease liabilities and financial liabilities at FVTPL. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on physical location of the assets, in the case of property, plant and equipment, investment properties, right-of-use assets and; based on the location of the operation, in the case of intangible assets, inventories, trade and other receivables, prepayment for acquisition of property, plant and equipment and deferred tax assets.

Geographical information

The following table presents the Group's geographical information in terms of revenue for the years ended 31 December 2025 and 2024:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The PRC	75,291	101,953
Saudi Arabia	<u>13,242</u>	<u>365,057</u>
	<u><u>88,533</u></u>	<u><u>467,010</u></u>

Non-current assets

The principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under IFRS 8, the Group regards the PRC as its country of domicile. Over 90% of the Group's non-current assets are located in the PRC as at 31 December 2025 and 2024.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A (sale of industrial products)	–	116,427
Customer B (sale of industrial products)	13,242	102,560
Customer E (sale of industrial products)	<u>–</u>	<u>69,262</u>

4 REVENUE

The main business activities of the Group are the sales of industrial products to customers located in Saudi Arabia and the sales of menswear apparel, menswear apparel brand licensing and sales of energy storage battery in the PRC. Revenue represents the sales value of goods sold less discounts and Value Added Tax.

For the menswear apparel brand licensing, revenue is recognised on monthly basis and recognised to which the Group has a right to invoice and that corresponds directly with the value of performance completed at a point in time.

For the sales of industrial products, sales of menswear apparel and sales of energy storage battery, revenue is recognised when control of the goods has been transferred, being at the point the products are delivered to the customer's premise or shipping port when the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Under the Group's standard contract terms, customers have a right to exchange for dissimilar products within 90 days. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur.

Revenue by product type is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers		
Sales of industrial products	13,242	365,057
Sales of menswear apparel	62,675	80,961
Menswear apparel brand licensing	7,541	12,163
Sales of energy storage battery	5,075	8,829
	<u>88,533</u>	<u>467,010</u>
Timing of revenue recognition		
Over time	–	1,887
At a point in time	88,533	465,123
	<u>88,533</u>	<u>467,010</u>

5 OTHER INCOME AND OTHER GAINS OR LOSSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	413	1,334
Rental income from investment properties less direct outgoings	12,802	14,577
Government grants	1,590	6
Net foreign exchange (loss)/gain	(21)	63
Net loss on disposal of property, plant and equipment	(64)	(19)
Sales of scrap materials	2,348	4,400
Gain on termination on brand licensing service	3,500	–
Others	5,222	444
	<u>25,790</u>	<u>20,805</u>

Government grants were received from several local government authorities, of which the entitlements were under the discretion of the relevant authorities. There was no unfulfilled condition as of 31 December 2025 and 2024. Hence, government grants were recognised in statement of profit or loss upon receipt.

6 LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(a) Finance costs:		
Interest on corporate bonds	2,249	2,579
Interest on convertible bonds	306	655
Interest on bank and other borrowings	19,839	19,036
Interest on lease liabilities	142	106
Interest on loans from a shareholder	2,701	2,159
	<u>25,237</u>	<u>24,535</u>
(b) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plans	3,610	3,820
Salaries, wages and other benefits	25,553	35,010
Equity-settled share-based payment expenses	9,838	48,644
	<u>39,001</u>	<u>87,474</u>
(c) Provision for ECL, net of reversal:		
Written off of other receivables	3,000	–
Allowance for ECL on trade receivables	196,539	211,311
Allowance for ECL on other receivables	3,203	–
	<u>202,742</u>	<u>211,311</u>
(d) Other items:		
Amortisation of intangible assets	4,639	4,646
Depreciation of property, plant and equipment	7,091	5,495
Depreciation of investment properties	12,624	15,146
Amortisation of right-of-use assets	10,259	11,251
Auditors' remuneration	1,126	1,277
Research and developments expenses (<i>note i</i>)	17,291	15,098
Cost of inventories	68,465	361,319
Expense related to short-term leases	11	147

Note:

- (i) Research and developments expenses include staff costs working in the Group's design and product development department.

7 INCOME TAX CREDIT/(EXPENSE)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax		
— PRC enterprises income tax expense for the year	—	(8,548)
— Hong Kong profits tax expense for the year	(5,657)	(12,403)
Deferred tax credit/(expenses)	<u>16,742</u>	<u>(23,121)</u>
	<u><u>11,085</u></u>	<u><u>(44,072)</u></u>

8 DIVIDENDS

The Board did not recommend the payment of a dividend for the years ended 31 December 2025 and 2024.

9 LOSS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to equity owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss attributable to equity owners of the Company		
Loss for the year for the purposes of computation of basic loss per share	<u>(294,730)</u>	<u>(351,045)</u>
	Number of shares <i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares in issue	<u><u>3,044,841</u></u>	<u><u>2,803,400</u></u>

No adjustment has been made to basic loss per share as there was no dilutive potential ordinary shares of the Company outstanding during the year ended 31 December 2025 (2024: nil).

10 TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	952,393	1,008,051
Less: allowance for ECL	<u>(765,220)</u>	<u>(624,624)</u>
Trade receivables	187,173	383,427
Prepayment for acquisition of property, plant and equipment	19,519	54,614
Prepayments to suppliers	171,680	198,802
Other deposits, prepayments and receivables	36,802	9,853
Less: allowance for ECL	(3,203)	–
Written-off	<u>(3,000)</u>	<u>–</u>
Total trade and other receivables	408,971	646,696
Less: Non-current portion	<u>(19,327)</u>	<u>(54,614)</u>
Current portion	<u><u>389,644</u></u>	<u><u>592,082</u></u>

Aging analysis

At the end of the reporting period, the aging analysis of trade receivables with net of allowance for ECL, based on invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	22,774	145,260
More than 3 months but within 6 months	1,603	91,653
More than 6 months but within 1 year	926	64,133
Over 1 year	<u>161,870</u>	<u>82,381</u>
	<u><u>187,173</u></u>	<u><u>383,427</u></u>

Trade receivables are normally due for settlement within 90–180 days from the invoice date.

11 TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	261,731	256,908
Other payables	85,880	107,792
Accruals	<u>47,675</u>	<u>54,544</u>
	<u><u>395,286</u></u>	<u><u>419,244</u></u>

The below is an aging analysis of the trade payables at the end of the reporting period based on relevant invoice dates:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month or on demand	12,832	10,925
Over 1 month but within 3 months	7,746	20,095
Over 3 months but within 6 months	3,298	26,855
Over 6 months but within 1 year	159	130,303
Over 1 year	237,696	68,730
	<u>261,731</u>	<u>256,908</u>

12 SHARE CAPITAL

	Number of ordinary shares of HK\$0.0025	Amount	
		<i>HK\$'000</i>	
Authorised:			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	4,000,000,000	10,000	
	Number of ordinary shares of HK\$0.0025	Amount	Amount
		<i>HK\$'000</i>	<i>RMB'000</i>
Issued and fully paid:			
As at 1 January 2024	2,745,389,000	6,863	5,629
Issuance of shares under subscription (<i>note (i)</i>)	42,000,000	105	96
Issuance of shares upon the acquisition of non-controlling interests (<i>note (ii)</i>)	200,000,000	500	458
		<u>7,468</u>	<u>6,183</u>
As at 31 December 2024 and 1 January 2025	2,987,389,000		
Issuance of shares under subscription (<i>note (iii)</i>)	59,574,000	149	138
		<u>7,617</u>	<u>6,321</u>
As at 31 December 2025	3,046,963,000		

Notes:

- (i) On 29 May 2024, the Company entered into a subscription agreement with an independent third party, as the subscriber, pursuant to which the subscriber had agreed to subscribe for 42,000,000 new shares of the Company at the subscription price of HK\$0.5 per subscription share. The subscription was completed on 19 June 2024 and 42,000,000 new shares of the Company were issued and allotted.
- (ii) On 22 July 2024, Novel Star Ventures Limited (“**Novel Star**”), a wholly-owned subsidiary of the Company, and Astute Triumph Holdings Limited (“**Astute Triumph**”), a non-controlling shareholder of Rosy Estate Global Limited (“**Rosy Estate**”), which was an indirect 51%-owned subsidiary of the Company before the acquisition, entered into a sale and purchase agreement. Pursuant to the agreement, Novel Star agreed to acquire 29% equity interests in Rosy Estate from Astute Triumph at a consideration of HK\$100,000,000, which was satisfied by the issuance of 200,000,000 shares of the Company at the issue price of HK\$0.5 per share. Upon the completion of the acquisition on 28 October 2024, Rosy Estate became an indirect 80%-owned subsidiary of the Company.
- (iii) On 23 December 2024, the Company entered into subscription agreements with independent third parties, as the subscribers, pursuant to which the subscribers had agreed to subscribe for 59,574,000 new shares of the Company in aggregate at the subscription price of HK\$0.5 per subscription share. The subscriptions were completed on 15 January 2025 and 59,574,000 new shares of the Company were issued and allotted.

13 EVENTS AFTER THE REPORTING PERIOD

Issue of 524,431,000 new shares of the Company

On 12 December 2025, the Company entered into 31 subscription agreements with 31 subscribers, respectively, pursuant to which, the subscribers have agreed to subscribe for 524,431,000 new shares of the Company in aggregate at the subscription price of HK\$0.55 per subscription share. The subscriptions were completed on 6 January 2026 and 524,431,000 new shares of the Company in aggregate were allotted and issued to the subscribers.

Discloseable transaction in relation to acquisition of the 100% equity interest in Wuzhong Ruichu Technology Co., Ltd.* (吳忠市瑞儲科技有限公司) (the “Target Company”)

On 26 January 2026, the Company (the “**Purchaser**”), entered into the equity transfer agreement with Ningxia Jin Xin Sheng Hui Energy Technology Co., Ltd.* (寧夏晉欣勝輝能源科技有限公司) (the “**Vendor**”), the Target Company, Gansu Qingning Hesheng New Energy Technology Co., Ltd.* (甘肅慶寧禾生新能源科技有限責任公司) and Mr. Wang Tuanwei* (王團維), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the entire registered and paid-up capital of the Target Company at the consideration of RMB64,000,000 (equivalent to approximately HK\$71,680,000) (subject to downward adjustments).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing in the PRC and sales of energy storage battery in the PRC during the Year.

BUSINESS REVIEW

A. Industrial Products Segment

The Group sells automotive, motorcycle and other industrial products to customers in Saudi Arabia through an indirect non wholly-owned subsidiary of the Company, Oriental Starway Limited (“**Oriental Starway**”) with a business partner who owns 20% of the equity interest in Oriental Starway. The business partner has over 17 years of extensive experience in selling auto parts with a strong network of marketing in Saudi Arabia and supply chain in the PRC.

In early 2025, the Red Sea crisis remains a significant disruption to global shipping route with the Suez Canal being largely avoided by major shipping route lines. Rerouting around the Cape of Good Hope continues to cause longer transit times, increased costs, and capacity constraints on key trade routes. Attacks on Israel-linked ships and the Houthis’ continued targeting at ships in the Eastern Mediterranean Sea resulted in high level of risk according to the information from Ship Universe, a media in relation to shipping news. Longer time of delivery to those Middle East regions led to global container shortage. In addition, due to the decrease in market demand for the goods made in the PRC resulting from the US tariffs imposed on them, the shipping companies decreased the number of shipping routes between the PRC and Saudi Arabia. The high global consumption of oil led to increased usage of vessels for delivery of oil. Due to the aforesaid, the shipping cost kept rising in late 2024 to the first half of 2025.

Our main customers’ shipping ports are located at Jeddah which is a Saudi Arabian port city in the Red Sea. As a result, the Group had to delay the delivery of the industrial products transported by sea to its customers in Saudi Arabia. Our customers intended to carry out procurement in a more efficient way and thus further adversely affected our business. Furthermore, the competition from other suppliers in Southeast Asia engaging in export business to Saudi Arabia has intensified, putting pressure on the prices of the Group’s industrial products.

In light of the above, the cost of products and delivery costs of this segment significantly increased and are expected to further increase in the foreseeable future.

In addition, although the economic growth of Saudi Arabia was stable, it recorded fiscal deficit in 2024 and the first quarter of 2025 due to the decrease in oil income. It shows that the transition of Saudi Arabia from oil-dependent to non-oil dependent country is challenging and more complicated than expected. It is unfavourable to our business performance and for exploring new customers and revenue channels. The collection of trade receivables in the industrial products segment was unsatisfactory and the management has been actively negotiating with customers on, inter alia, the collection period, the unit prices, future orders, etc. The management has suspended the delivery of their orders and considers to take further actions to collect the receivables.

The industrial products business is facing increasing challenges due to increasing costs, uncertain operating conditions and intense competition. The management had been continuously monitoring the efficiency and effectiveness of the business and formulating strategies to mitigate costs and maintain the profitability. However, these efforts have not yielded significant results. Further, the unsolved Red Sea Crisis makes the future prospects of the business unpredictable. After careful and due consideration, the Group has adopted a prudent and conservative approach and temporarily maintained this business segment at a minimal operating level until the operational conditions improve and strategies to maintain effectiveness of the business are formulated.

The Red Sea crisis de-escalated significantly in the second half of 2025. Following the Gaza/Israel-Hamas ceasefire effective in October 2025, the Houthis halted attacks on international shipping, resulting in a sharp decline in Houthi attacks on commercial vessels in the region.

The Group has been endeavouring to discuss with customers and suppliers in relation to, among other things, the selling/purchases prices, settlement of outstanding receivables, and delivery. We have reached agreements on the commercial terms of the future orders and the settlement plan of the outstanding receivables. The Group has resumed limited operations in late 2025 and thus the revenue for the Year decreased significantly comparing with the year ended 31 December 2024 (the “**Prior Year**”).

Customers

As at 31 December 2025, at the early stage of resumption of operation of this segment, the Group had only one customer for the industrial products segment, that engages in the businesses of wholesale and retail sale of automotive and motorcycle industrial products in Saudi Arabia and other Middle East countries. It is mainly located in Jeddah which is the second largest city in Saudi Arabia. Jeddah has long been a seaport city and a trading hub for the region. These merits are beneficial to our customers' business. It is expected that the number of customers will increase in the coming year when the operation further stabilises.

The customer is independent of the Company and its connected persons (as defined in the Listing Rules).

Suppliers

The Group purchased industrial products from suppliers, which are mainly factories and distributors in the PRC.

There were two major suppliers during the Year for the industrial products segment due to limited operations during the Year. It is expected that the number of suppliers will increase in the coming year when the operation further stabilises.

B. Menswear Apparel Segment

The Group's menswear apparel business in the PRC mainly engages in the sales of its branded menswear apparel and brand licensing. The Group completed the transformation from labour intensive manufacturing industry to outsourcing its branded menswear apparel by leveraging on its own design talent in 2021. The Group currently sources its products on OEM basis only, which is more flexible in meeting the customer demand in the current trend.

To respond to the changing consumption patterns and consumer preferences, in the recent years, the Group has dedicated efforts in diversifying its product styles, with a focus on rejuvenating the product lineup to align with the trend of fast fashion, while maintaining stringent quality standards to broaden revenue streams for this segment. The Group continues to make steady progress in pursuing this strategic direction.

In the current weak retail environment, distributors are placing small quantity orders of different product mix, which resulted that economies of scale in production could not be achieved. In addition, after experiencing the suspension of social and economic activities over the past few years due to the COVID-19 pandemic, outsourcing production process can avoid the sunk cost of production, such as idle labor costs and fringe benefits.

Distribution Network for the Sales of Menswear Apparel

The Group primarily sells its products on a wholesale basis to its third-party distributors, which then (i) sell the products to end customers through retail outlets or (ii) resell the products to their sub-distributors, which in turn sell the products to end customers through retail outlets operated by those sub-distributors. The Group also sells its products to online distributors which then resell the products to end customers through different third-party online platforms such as Tmall.com and JD.com.

As at 31 December 2025, our distribution network comprised 30 distributors (2024: 31) (including one online distributor) and 17 sub-distributors (2024: 21) which operated 236 retail outlets (2024: 270), representing a net decrease of 34 retail outlets. As at 31 December 2025, 90.5% (2024: 90.0%) of the retail outlets were located in department stores or shopping malls whereas 9.5% (2024: 10.0%) of the retail outlets were standalone stores.

Design and Product Development

The Group always puts great emphasis on product design and quality, as we believe our ability and commitment to provide fashionable and comfortable products have been integral to our success. As at 31 December 2025, our product design and development team consisted of 3 (2024: 3) members. The team members, who plan, implement, supervise and manage the design and development efforts, have over 10 years of experiences in the fashion industry. We will continue to invest in our product design and research and development capabilities to capture fashion trends and product designs.

Sales Fairs

We generally organize sales fairs at our headquarters in Quanzhou, the PRC to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. We review our distributors' orders placed at our sales fairs to ensure that they are reasonable and in line with the relevant distributor's capacity and development plans. The sales fair for the 2025 autumn/winter collections was held in March 2025, and the sales fair for the 2026 spring/summer collections was held in September 2025.

C. Energy Storage Battery Segment

The Company further expanded into the business of energy storage battery segment in 2022. Jiangsu HengAn Energy Technology Co., Ltd.* (江蘇恆安儲能科技有限公司) (“**Jiangsu HengAn**”), an indirect non wholly-owned subsidiary of the Company, acquired the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池).

The main operations of this segment are production and sales of zinc-bromine flow battery. A zinc-bromine flow battery is a rechargeable battery system that utilises the chemical reaction between zinc metal and bromine to generate electric current. It is being developed for stationary power applications, ranging from domestic energy usage to grid-scale energy (電網規模能源). It enables power system operators and utility companies to store energy for future use.

In November 2022, under the phase 1 development plan, Jiangsu HengAn has set up a zinc-bromine flow battery research and development production base (the “**Production Base**”) in the Jiangning Development Zone* (江寧開發區). Jiangsu HengAn started the production trial run. The time for testing and adjusting the machines was longer than expected due to the impact of COVID-19 pandemic in late 2022 and early 2023. As the time for testing was prolonged, the Group needed time to purchase new equipment to replace those tools consumed to make the production lines optimal for commercial operation.

In the same year, the PRC promulgated the implementation plan for the development of new energy storage and placed high importance on the advancement of energy storage technologies. The Group believes that the energy storage battery market will have promising prospects under the support of the global trend and the national policy of “carbon emission reduction”. During 2023, the Company has entered into a letter of intent on collaboration with Nanjing Jiangning Economic and Technological Development Committee* (南京江寧經濟技術開發區管理委員會), to carry out the phase 2 development plan to increase the production capacity of the Production Base in order to meet the demands from potential customers. Pursuant to the phase 2 development plan, to increase the plant production capacity and efficiency, the Group planned to automate its production lines. The Group needed to re-design its production base, purchase new equipment and upgrade the existing equipment. Since the assembly and adjustment of machinery and equipment for the production of zinc-bromine flow batteries involve the investment of high technology, technical talents and a number of variable elements, the time required to optimise the production line was longer than expected. The phase 2 development plan was in progress during the Year.

Jiangsu HengAn had also participated in several exhibitions to showcase our products. We took the chance to meet customers and potential customers to ensure that we could satisfy their needs and plans. On the other hand, Jiangsu HengAn has entered into equipment procurement agreements with several subsidiaries of PRC state-owned enterprises, pursuant to which Jiangsu HengAn would sell zinc-bromine flow battery energy storage systems together with the ancillary facilities to those companies. Entering into those agreements with the subsidiaries of PRC state-owned enterprises can strengthen the position and reputation of the Group in the energy storage market and those orders demonstrate the confidence of the market towards the energy storage systems offered by the Group.

The Group has proactively planned the procurement of machinery and raw materials for these development plans in advance, while actively engaging with potential customers to build commercial networks. The objective is to commence commercial production as soon as possible and generate returns for the Group following the completion of factory setup, machinery installation, commissioning and testing.

During the Year, the battery production remained in the trial production stage. As a result, revenue for the Year was insignificant. Production techniques and product quality have continued to improve, and feedback from customers on the products has become notably more positive as compared to previous years.

FINANCIAL REVIEW

Revenue

Revenue by Product Type

	For the year ended 31 December				Change %
	2025		2024		
	<i>RMB million</i>	<i>% of revenue</i>	<i>RMB million</i>	<i>% of revenue</i>	
Industrial Products					
Automotive Industrial Products	13.2	14.9%	225.5	48.3%	-94.1%
Other Industrial Products	–	–	139.6	29.9%	-100%
Total of Industrial Products	13.2	14.9%	365.1	78.2%	-96.4%
Menswear Apparel					
Menswear Apparel Products	62.7	70.8%	80.6	17.2%	-22.2%
Brand licensing	7.5	8.5%	12.5	2.7%	-40.0%
Total of Menswear Apparel	70.2	79.3%	93.1	19.9%	-24.6%
Energy Storage Battery					
Energy Storage Battery	5.1	5.8%	8.8	1.9%	-42.0%
Total	88.5	100%	467.0	100%	-81.0%

The decrease in revenue was due to the limited operation in the industrial products segment which was resumed in late 2025, the decrease of approximately RMB22.9 million in revenue from the menswear apparel segment and the decrease of approximately RMB3.7 million in revenue from the energy storage battery segment.

As disclosed in the paragraph under the section headed “Industrial Products Segment” on page 20 of this announcement, there was limited operation in the industrial products segment during the Year.

The revenue from the menswear apparel segment decreased by approximately 24.6% comparing with the Prior Year. The decrease was mainly attributable to the lower selling price per unit during the Year and the decrease in market demand. As customers' behaviors changed and live commerce becomes popular, customers are prone to buy more affordable products through online channels. Furthermore, due to the low consumer sentiment and slow economic recovery, there was no significant improvement in the retail market and it has adversely affected the demand for our menswear products during the Year. The selling price offered by the Group had to be more competitive and thus the revenue decreased with decreased number of units sold comparing with those of the Prior Year.

The battery production facilities were still under trial production stage during the Year. To accelerate the process, the Group spent more time on the testing and adjustment of the equipment and therefore, the revenue from the energy storage battery segment decreased by approximately 42.0% comparing with the Prior Year.

Revenue by Region

Region	For the year ended 31 December				Change %
	2025		2024		
	RMB million	% of Revenue	RMB million	% of Revenue	
Saudi Arabia					
Industrial Products	<u>13.2</u>	<u>14.9%</u>	<u>365.1</u>	<u>78.2%</u>	<u>-96.4%</u>
PRC					
Menswear Apparel	<u>70.2</u>	<u>79.3%</u>	<u>93.1</u>	<u>19.9%</u>	<u>-24.6%</u>
Energy Storage Battery	<u>5.1</u>	<u>5.8%</u>	<u>8.8</u>	<u>1.9%</u>	<u>-42.0%</u>
Total of PRC	<u>75.3</u>	<u>85.1%</u>	<u>101.9</u>	<u>21.8%</u>	<u>-26.1%</u>
Total	<u>88.5</u>	<u>100%</u>	<u>467.0</u>	<u>100%</u>	<u>-81.0%</u>

The PRC region was the major revenue contributor to the Group, accounting for approximately 85.1% (2024: Saudi Arabia region: 78.2%) of the total revenue.

Cost of Sales

	For the year ended 31 December				Change RMB million	Change %
	2025		2024			
	RMB million	% of revenue	RMB million	% of revenue		
Industrial Products	10.2	11.5%	289.1	61.9%	-278.9	-96.5%
Menswear Apparel	56.1	63.4%	67.1	14.4%	-11.0	-16.4%
Energy Storage Battery	2.1	2.4%	5.1	1.1%	-3.0	-58.8%
Total	68.4	77.3%	361.3	77.4%	-292.9	-81.1%

Cost of sales decreased by approximately 81.1% to approximately RMB68.4 million for the Year from approximately RMB361.3 million for the Prior Year.

For the industrial products segment, the cost of sales was attributable to the purchases of industrial products from suppliers in the PRC. The decrease in cost of sales from the industrial products segment was in line with the decrease in revenue from this segment.

The decrease in cost of sales from the menswear apparel segment was in line with the decrease in revenue from this segment.

Gross Profit

	For the year ended 31 December			
	2025	2024	Change	Change
	RMB million	RMB million	RMB million	%
Industrial Products	3.0	76.0	-73.0	-96.1%
Menswear Apparel	14.1	26.0	-11.9	-45.8%
Energy Storage Battery	3.0	3.7	-0.7	-18.9%
Total	20.1	105.7	-85.6	-81.0%

Gross Profit Margin

	For the year ended		
	31 December		
	2025	2024	Change
	%	%	
Industrial Products	22.7%	20.8	+1.9 ppt
Menswear Apparel	20.1%	27.9	-7.8 ppt
Energy Storage Battery	58.8%	42.0	+16.8 ppt
Group	22.7%	22.6	+0.1 ppt

The slight increase in the profit margin of the Group was mainly due to the combined effect of the increase in the profit margins of the industrial products segment and the energy storage battery segment and the decrease in the profit margin of the menswear apparel segment. For the menswear apparel segment, the decrease was mainly attributable to the reduced selling prices to respond to the weak consumer sentiment and to retain market share during the Year.

Loss for the Year

	For the year ended			
	31 December			
	2025	2024	Change	Change
	RMB million	RMB million	RMB million	%
Industrial Products	(158.3)	(132.5)	-25.8	-19.5%
Menswear Apparel	(71.6)	(92.6)	+21.0	+22.7%
Energy Storage Battery	(67.6)	(64.6)	-3.0	-4.6%
Unallocated	(29.3)	(71.4)	+42.1	+59.0%
Total	(326.8)	(361.1)	+34.3	+9.5%

The Group recorded continuous loss for the Year. The management of the Group concluded that there was impairment indication and conducted a review of the recoverable amounts of investment properties, right-of-use assets, property, plant and equipment and trade and other receivables (2024: investment properties, right-of-use assets and trade receivables) of the Group. Based on the result of the assessment, the management of the Group determined that the partial recoverable amounts of those assets were lower than their carrying amounts.

The impairment losses on the investment properties in the PRC for the Year were approximately RMB29.5 million (2024: RMB11.0 million). It was mainly due to the decrease in fair values according to the valuation report prepared by an external valuer (the “**Valuer**”) engaged by the Company. For the Prior Year, the impairment losses on right-of-use assets in the PRC was approximately RMB14.2 million.

In view of intense competition, menswear appeals segment recorded continuous loss in recent years. The recoverable amounts of this segment according to the valuation report prepared by the Valuer is lower than the carrying amounts and thus an impairment losses on the property, plant and equipment of this segment of approximately RMB5.5 million (2024: RMB nil) has been recognised for the Year.

A net allowance for expected credit losses (“**ECL**”) on trade receivables and other receivables under IFRS9 “Financial Instruments” of approximately RMB196.5 million (2024: RMB211.3 million) and approximately RMB3.2 million (2024: RMB nil) had been recognised, respectively. The increase in net allowance for ECL was mainly due to the unsatisfactory collection of the trade receivables of the industrial products segment and other receivables of the energy storage battery segment.

For the menswear apparel segment and the energy storage battery segment, the general net allowances for ECL on trade receivables were recognised for the Year due to long outstanding trade receivables.

For the net allowance for ECL on the trade receivables of the industrial products segment, the management had suspended the delivery of their orders since late 2024 and actively negotiated with the customers in relation to the trade receivables. After a series of negotiation, the Group has recovered partial trade receivables in early 2026 and the customers have agreed to gradually arrange settlements.

For the net allowance for ECL on the other receivables of the energy storage battery segment, part of the other receivables were deposits for procurement of machinery and raw materials for the development plans to increase the production capacity to meet the needs of potential customers and to allow the Group to commence commercial production once the plans were completed. Nevertheless, the lead time for the development plans was longer than initially expected due to the impact of COVID-19 pandemic in previous years, the complexity of the technology involved and the time for the production trial run to optimise the production lines. A net allowance for ECL on the deposit was made during the Year.

On 14 January 2025, pursuant to the capital contribution agreements dated 30 December 2024 entered into between the Group and certain independent investors, the investors have agreed to acquire certain equity interest in Jiangsu HengAn. Under certain circumstances as set out in the agreements, each of the investors has the right to request the Group to repurchase his equity interest in Jiangsu HengAn. Thus, according to the valuation reports prepared by the Valuer, financial liabilities at fair value through profit or loss (“FVTPL”) of RMB28 million was recognised for the repurchase rights on 14 January 2025 and a change in fair value of the financial liabilities at FVTPL of approximately RMB8.2 million was recognised in the profit or loss on 31 December 2025. This fair value loss is recognised in the energy battery segment.

Excluding the financial liabilities fair value loss, loss for the Year from the energy storage battery segment, which was in the trial run production stage, was approximately RMB59.4 million (2024: RMB64.6 million). The decrease in loss from this segment was mainly due to the increase in gross profit and cost control measures on selling and distribution expenses during the Year. Significant costs were involved in the trial run production, such as, among others, research and development expenses, testing charges and sample charges.

The Company granted 304,690,000 (2024: 170,000,000) share options of the Company (the “**Share Option(s)**”) to certain Directors and employees of the Group during the Year. The equity-settled share-based payment expenses in respect of the Share Options granted during the Year was approximately RMB9.8 million (2024: RMB48.6 million).

Other Incomes and Other Gains or Losses

For the Year, other incomes and other gains or losses increased by approximately RMB5.0 million to approximately RMB25.8 million from approximately RMB20.8 million for the Prior Year. The net increase was mainly due to the increase in government grant of approximately RMB1.6 million and the increase in gain on termination on brand licensing service of approximately RMB3.5 million.

Selling and Distribution Expenses

	For the year ended 31 December				Change RMB million	Change %
	2025		2024			
	RMB million	% of revenue	RMB million	% of revenue		
Industrial Products	0.4	0.5%	10.6	2.3%	-10.2	-96.2%
Menswear Apparel	1.1	1.2%	2.6	0.6%	-1.5	-57.7%
Energy Storage Battery	3.0	3.4%	12.3	2.6%	-9.3	-75.6%
Total	4.5	5.1%	25.5	5.5%	-21.0	-82.4%

For the industrial products segment, due to limited operation in this segment during the Year, the amount of the selling and distribution expenses was insignificant.

For the menswear apparel segment, the decrease in the selling and distribution expenses was primarily due to (i) the decrease in advertising and promotional expenses and stores renovation expenses of approximately RMB1.2 million resulting from a change in promotion strategy and cost control policy; and (ii) the decrease in packing materials cost of approximately RMB0.2 million which was in line with the decrease in the revenue from this segment.

For the energy storage battery segment, the significant decrease in the selling and distribution expenses was mainly due to (i) the decrease in staff salaries of approximately RMB3.3 million resulting from streamlined operation; (ii) the decrease in advertising and promotion expenses of approximately RMB5.9 million as the Group participated in several exhibitions in the Prior Year but did not participate in such exhibitions during the Year, and the cost control measures on the advertising expenses; (iii) the decrease in entertainment and carriage outwards expenses of approximately RMB0.7 million which was in line with the decrease in the revenue from this segment, partially offset by the increase in the service expenses of approximately RMB0.6 million to assist customers in product operation and enhancement, and through providing such services, it would provide further data for the Group to analyse the products and technology and resulted in optimisation of the production process.

Administrative and Other Operating Expenses

	For the year ended 31 December				Change RMB million	Change %
	2025		2024			
	RMB million	% of revenue	RMB million	% of revenue		
Industrial Products	3.6	4.1%	5.6	1.2%	-2.0	-35.7%
Menswear Apparel	32.9	37.2%	37.8	8.1%	-4.9	-13.0%
Energy Storage Battery	48.2	54.5%	54.6	11.7%	-6.4	-11.7%
Unallocated	23.3	26.3%	59.0	12.6%	-35.7	-60.5%
Total	108.0	122.0%	157.0	33.6%	-49.0	-31.2%

For the industrial products segment, the decrease in the administrative and other operating expenses were mainly due to the decrease in the financial and accounting services fee of approximately RMB0.4 million, decrease in other professional services fee of approximately RMB0.9 million and decrease in the audit fee of approximately RMB1.0 million resulting from the limited operation in this segment during the Year.

For the menswear apparel segment, the decrease in the administrative and other operating expenses was mainly due to the decrease in (i) the staff salaries and insurance expenses of approximately RMB0.5 million; (ii) the cost for rental income and water and electricity expenses for the Year of approximately RMB1.8 million and RMB2.5 million, respectively, resulting from the test running of the restructured factory areas which are planned to be leased out during the Prior Period; and (iii) decreases in the amortisation expenses of land-use-rights and depreciation expenses of investment properties of approximately RMB0.5 million and RMB2.5 million, respectively, due to decreases in the book values, partially offset by the increase in the PRC government management fee of approximately RMB1.6 million and the increase in the repair and maintenance expenses of approximately RMB1.7 million, mainly for renovation of the office building. Further details in relation to the restructured factory areas are set out in the paragraphs under the section headed “Factory Restructuring” on page 38 of this announcement.

For the energy storage battery segment, the decrease in administrative and other expenses was mainly due to (i) the decrease in staff salaries and insurance expenses of approximately RMB8.7 million, as a termination fee of approximately RMB1.4 million in relation to streamlining the structure was recognised in the Prior Year and the Group has been further improving the workforce efficiency during the Year; and (ii) the decrease in office and entertainment expenses of approximately RMB2.0 million in aggregate due to cost control measures, partially offset by the increase in the research and development expenses of approximately RMB3.6 million, which was mainly due to numerous expenses being classified as research and development expenses during the trial run production process and due to the increase in the number of trial run during the Year to satisfy the needs of the customers.

The Company granted 304,690,000 (2024: 170,000,000) Share Options in aggregate to eligible persons of the share option scheme of the Company adopted on 23 October 2025 in the Year. An equity-settled share-based payment expense of approximately RMB9.8 million (2024: RMB48.6 million) was recognised in the unallocated segment and the decrease in this expense comparing with the Prior Year was the main reason leading to the decrease in the administrative and other operating expenses of the unallocated segment.

Finance Costs

The finance costs did not vary significantly as compared with that of the Prior Year. There was mainly an increase in the interest expenses on the bank and other borrowings of approximately RMB0.8 million.

Income Tax

For the Year, income tax expenses decreased by approximately RMB55.2 million year-on-year from tax expenses of approximately RMB44.1 million in the Prior Year to tax credit of approximately RMB11.1 million in the Year. The decrease was mainly due to the increase in deferred tax assets recognised for provision for ECL on trade receivables of the industrial products segment for the Year and partially offset by the reversal of the deferred tax assets recognised for provision for ECL on trade receivables of the menswear apparel segment for the past years.

Dividends

The Board has resolved not to recommend the payment of a final dividend for the Year (2024: Nil).

Liquidity and Financial Resources and Capital Structure

As at 31 December 2025, the total cash and bank balances of the Group were approximately RMB157.1 million (2024: RMB46.0 million), comprising cash and cash equivalents of approximately RMB157.1 million (2024: RMB46.0 million).

As at 31 December 2025, the Group had a total of interest bearing borrowings of approximately RMB497.4 million (2024: RMB516.8 million), comprising bank and other borrowings of approximately RMB398.4 million (2024: RMB426.0 million), corporate bonds of approximately RMB27.7 million (2024: RMB27.4 million), convertible bond of RMBnil (2024: RMB3.1 million) and loans from a shareholder of approximately RMB71.3 million (2024: RMB60.3 million). The Group's borrowings were primarily denominated in RMB and HK\$ (2024: in both RMB and HK\$) and bear interest at fixed rate (2024: fixed rate) ranging from 0.1% to 5.66% (2024: 0.1% to 5.66%) per annum.

The maturity profile of the borrowings as at 31 December 2025 was as follows:

	2025		2024	
	<i>RMB million</i>	%	<i>RMB million</i>	%
Within 1 year or on demand	464.0	93.3%	463.3	89.6%
Over 1 but within 2 years	33.4	6.7%	45.4	8.8%
Over 2 but within 5 years	–	–	8.1	1.6%
Total	497.4	100%	516.8	100%

As at 31 December 2025, the gearing ratio was approximately 170.8% (2024: 130.9%). The increase was mainly due to the decrease in total equity and increase in borrowings. The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%.

As at 31 December 2025, the Group's total equity decreased by approximately RMB103.5 million to approximately RMB291.3 million (2024: RMB394.8 million). The decrease was mainly due to the increase in the loss for the Year and partially offset by the increase of the share capital and related reserves as a result of the issue of new Shares during the Year and the increase in the special reserves as a result of the share subscriptions which were completed in January 2026.

The Group recorded a net debt to equity ratio of approximately 116.8% as at 31 December 2025 (2024: 119.3%).

The Group regularly and actively monitors its capital structure to ensure that there is sufficient working capital to operate its business and to maintain a balanced capital structure between providing steady returns to the Shareholders and benefits to its other stakeholders and having an adequate level of borrowing and security.

Charges of Assets

As at 31 December 2025, secured bank borrowings of RMB353.0 million (2024: RMB383.0 million) were secured by the following assets with the carrying values:

	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Properties	17.4	3.8
Investment properties	362.0	186.4
Land use right	189.5	196.2
Intangible assets	2.7	–
Total	571.6	386.4

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

Deemed disposal of equity interest in Jiangsu HengAn and the grant of repurchase rights

Deemed disposal of equity interest in Jiangsu HengAn

On 30 December 2024, the Company and 3 subsidiaries of the Company, Jiangsu HengAn, Oriental Richway Limited (“**Oriental Richway**”) and Yulin Anchu Richway Energy Technology Co., Ltd.* (榆林安儲富利能源科技有限公司) (“**Yulin Anchu**”), entered into the capital contribution agreements with each of Mr. Teng Tengjun, Mr. Wang Qinggong, Mr. Gu Jun, Mr. He Weijun and Mr. Yang Zhongjun (the “**Investors**”) separately (the “**Capital Contribution Agreements**”) in respect of the capital contributions in Jiangsu HengAn by each of the Investors (the “**Capital Contributions**”). Pursuant to the Capital Contribution Agreements, the Investors had conditionally agreed to contribute RMB28,000,000 in aggregate into Jiangsu HengAn, of which approximately RMB6,545,000 was contributed towards the registered capital of Jiangsu HengAn, which accounts for approximately 2.34% of the enlarged equity interest in Jiangsu HengAn, and the remaining was contributed towards the capital reserve of Jiangsu HengAn.

Upon completion of the Capital Contributions, the Company’s interest in Jiangsu HengAn (holding through Oriental Richway and Yulin Anchu) was diluted from 100% to approximately 97.66%. The Capital Contributions constituted deemed disposal of equity interest in Jiangsu HengAn (the “**Deemed Disposal**”) under Rule 14.29 of the Listing Rules.

The proceeds from the Capital Contributions will be strategically allocated to two key areas of development of the production base of Jiangsu HengAn in Nanjing (the “**Nanjing Production Base**”) which include expanding the production capacity and upgrading the production facilities from semi-automatic to fully automated systems. By improving its infrastructure and optimising the operations of the Nanjing Production Base, Jiangsu HengAn and its subsidiaries would position themselves to meet the growing demand and could strengthen its competitive edge in the energy storage market in the PRC.

All the applicable percentage ratio (as defined under Rule 14.06 and Rule 14.30 of the Listing Rules) in respect of the Deemed Disposal are less than 5%.

Repurchase rights

Each of the Investors has the right (the “**Repurchase Rights**”) to require Jiangsu HengAn and/or the Company (the “**Repurchase Obligors**”), to jointly repurchase all or part of its equity interest in Jiangsu HengAn (the “**Repurchase Interest**”) after occurrence of any of the triggering events as set out in the Capital Contribution Agreements.

The repurchase price (the “**Repurchase Price**”) shall be the higher of (i) the Capital Contribution paid by the Investor with respect to the Repurchase Interest, plus an annual simple interest of 8% calculated from the payment date of the Capital Contribution to the payment date of the Repurchase Price by the Repurchase Obligors, and minus any dividends already paid to the Investor with respect to the Repurchase Interest; (ii) the most recent audited consolidated net book asset value of Jiangsu HengAn attributable to the Repurchase Interest; and (iii) the Capital Contribution plus the increases in shareholders’ equity in the Repurchase Interest, including but not limited to surplus reserves, undistributed profits, and increases in shareholders’ equity caused by other circumstances.

On 18 February 2025, the Company, Jiangsu HengAn, Oriental Richway and Yulin Anchu entered into supplemental agreements to the Capital Contribution Agreements (the “**Supplemental Agreements**”) with each of the Investors, pursuant to which the Repurchase Price was agreed to be not more than the maximum amount (the “**Maximum Amount(s)**”) as set out in the Supplemental Agreements, which was set with reference to the respective Capital Contributions made by the Investors. The aggregate Maximum Amount of all Investors was HK\$39.2 million.

Since the exercises of the Repurchase Rights under the Capital Contribution Agreements are not at the discretion of the Company, according to Rule 14.74(1) of the Listing Rules, the transactions were classified as if the Repurchase Rights had been exercised at the time of the grant of the Repurchase Rights. As the highest applicable percentage ratio in respect of the grant of the Repurchase Rights in aggregate exceeded 5% but was less than 25%, the grant of the Repurchase Rights constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Deemed Disposal was completed on 14 January 2025. Upon completion of the Capital Contributions, the Investors were interested in approximately 2.34% of the enlarged equity interest in Jiangsu HengAn in aggregate, and the Group's interest in Jiangsu HengAn (holding through Oriental Richway and Yulin Anchu) was diluted from 100% to approximately 97.66%. Accordingly, Jiangsu HengAn remains as a subsidiary of the Company and the financial results of Jiangsu HengAn and its subsidiaries continues to be consolidated in the financial statements of the Group.

For details of the Deemed Disposal and the grant of Repurchase Rights, please refer to the announcements of the Company dated 30 December 2024 and 18 February 2025.

Save as disclosed above, the Group had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

Factory Restructuring

Since 2020, the Group has started to restructure certain redundant factory areas (the “**Restructuring**”) in Quanzhou to change the usage of those areas into a one-stop home and commercial furnishing chain business platform (the “**Platform**”) in order to increase the income streams.

The Platform will facilitate the matching of suppliers and customers of the furnishing industry. The Restructuring will be separated into different areas such as furnishing materials store, furnishing design centre and supporting facilities such as business centre. We expect to receive rental incomes, promotion and advertisement fees from the Platform.

The Restructuring was principally funded by cash generated from our operations and bank borrowings. As at 31 December 2025, the Restructuring has been completed. Portions of the Platform have already been leased out during the Year while the remaining areas are actively being marketed for lease.

Capital Commitments and Contingencies

As at 31 December 2025, the Group had a total capital commitment of approximately RMB177.9 million (2024: RMB215.2 million). It was primarily related to the construction in progress and purchase of equipment. All the capital commitments are expected to be financed by income generated from our operations and bank and other borrowings.

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

Foreign Currency Exposure

The functional currency of the Group is Renminbi and the Company's financial statements are translated into Renminbi for reporting and consolidation purpose. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts its business transactions principally in Renminbi and US dollars, other than the Hong Kong dollar corporate bonds, the exchange rate risk at the Group's operational level is not significant. The Group does not employ any financial instruments for hedging purpose.

Employees, Training and Development

The Group had a total of 96 employees as at 31 December 2025 (2024: 180). Total staff costs for the Year amounted to approximately RMB39.0 million (2024: RMB87.5 million).

The Group places strong emphasis on recruiting quality personnel from universities and technical schools and provides on-going training and development opportunities to our staff members. Our training programs cover topics such as sales, customer service, quality control, sales fairs planning and pre-employment training. We also provide training on workplace ethics, fire protection and other areas relevant to the business. We believe that staff training plays an important role in recruiting and retaining talent as well as enhancing employees' loyalty.

The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance, commission/bonuses and share options, based on various factors such as market rates, responsibility, job complexity and the Group's performance.

Issue of New Shares Under General Mandate

Subscriptions of 524,431,000 Shares

On 12 December 2025, the Company entered into 31 subscription agreements with 31 subscribers, pursuant to which the subscribers had agreed to subscribe for 524,431,000 new ordinary Shares in aggregate at the subscription price of HK\$0.55 per subscription Share. The net issue price was HK\$0.55 per subscription Share. The closing price was HK\$0.68 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscription Shares was HK\$1,311,077.50. The table below sets out the background of the subscribers with respective number of subscription shares:

	Subscriber	Background	Number of Subscription Shares
1.	Subscriber A	Individual investor familiar with the securities investment sector	10,909,000
2.	Subscriber B	Individual investor and a merchant engaging in the mechanical and electrical engineering business	23,000,000
3.	Subscriber C	Individual investor familiar with the securities investment sector	11,788,000
4.	Subscriber D	Individual investor familiar with the financial management sector	1,818,000
5.	Subscriber E	Individual investor familiar with the securities investment sector	3,996,000
6.	Subscriber F	Individual investor familiar with the securities investment sector	11,253,000
7.	Subscriber G	Individual investor familiar with the real estate business	34,256,000
8.	Subscriber H	Individual investor familiar with the securities investment sector	12,727,000
9.	Subscriber I	Individual investor familiar with the securities investment sector	6,454,000
10.	Subscriber J	Individual investor familiar with the finance and audit sector	3,254,000
11.	Subscriber K	A company which is principally engaged in investment holding and its ultimate beneficial owner is an individual with extensive experience in equity investment	48,363,000
12.	Subscriber L	Individual investor and a merchant engaging in the information technology business	2,727,000
13.	Subscriber M	Individual investor familiar with the securities investment sector	3,272,000

	Subscriber	Background	Number of Subscription Shares
14.	Subscriber N	Individual investor familiar with the construction business	5,454,000
15.	Subscriber O	Individual investor familiar with the information technology business	11,648,000
16.	Subscriber P	Individual investor and a merchant engaging in the construction and engineering and energy businesses	5,454,000
17.	Subscriber Q	Individual investor and a merchant engaging in the real estate business	12,727,000
18.	Subscriber R	A company which is principally engaged in investment holding and its ultimate beneficial owner is an individual with extensive experience in equity investment and principally engaged in apparel e-commerce	60,000,000
19.	Subscriber S	A company which is principally engaged in cloud computing business and its ultimate beneficial owner is an individual with extensive experience in equity investment	9,090,000
20.	Subscriber T	Individual investor familiar with the securities investment sector	4,545,000
21.	Subscriber U	Individual investor familiar with banking sector and a merchant engaging in fintech business	4,545,000
22.	Subscriber V	Individual investor familiar with the construction business	2,909,000
23.	Subscriber W	Individual investor familiar with the real estate business	24,000,000
24.	Subscriber X	Individual investor and a merchant engaging in the information technology business	27,272,000
25.	Subscriber Y	Individual investor familiar with the financial sector	5,090,000

	Subscriber	Background	Number of Subscription Shares
26.	Subscriber Z	Individual investor and a merchant engaging in trading business	3,996,000
27.	Subscriber AA	Individual investor and a merchant engaging in medical aesthetics business	47,952,000
28.	Subscriber AB	Individual investor familiar with the financial sector	92,297,000
29.	Subscriber AC	Individual investor familiar with the financial sector	14,545,000
30.	Subscriber AD	Individual investor familiar with the securities investment sector	10,000,000
31.	Subscriber AE	Individual investor familiar with the brand management business	9,090,000
	Total		<u>524,431,000</u>

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the subscribers and its ultimate beneficial owner(s) (for corporate entities) were independent of the Company and its connected persons.

The subscriptions were completed and 524,431,000 new Shares in aggregate were allotted and issued to the subscribers on 6 January 2026. The net proceeds from the subscriptions amounted to approximately HK\$288.2 million (equivalent to approximately RMB260.3 million).

The detailed breakdown of the approximate allocation of the intended uses and the utilisation of the net proceeds from the share subscriptions as at the date of this announcement are as follows:

	Intended uses <i>HK\$ million</i>	Utilised <i>HK\$ million</i>	Unutilised <i>HK\$ million</i>
Business development			
— Capital expenditure for expanding production capacity of the energy storage battery segment	45.0	–	45.0
— Investment in potential related renewable energy projects	77.0	(25.9)	51.1
	<u>122.0</u>	<u>(25.9)</u>	<u>96.1</u>
Repayment of debts, including bank borrowings, corporate bonds and loans from a Shareholder			
	<u>74.0</u>	<u>(58.4)</u>	<u>15.6</u>
General working capital			
— Payment of trade and other payables	28.0	(23.3)	4.7
— Staff salaries and benefits	28.0	(11.5)	16.5
— Professional service fee, including but not limited to audit fee, legal advisor fee and consultancy fee	6.0	(3.7)	2.3
— Other operational expenses, including but not limited to rental expenses, water and electricity charges, replacement of existing factory and office equipment and expenses in relation to governance compliance	30.2	(14.2)	16.0
	<u>92.2</u>	<u>(52.7)</u>	<u>39.5</u>
Total	<u>288.2</u>	<u>(137.0)</u>	<u>151.2</u>

The Directors consider that the subscriptions represent a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions helped to broaden the Company's funding channels.

For details of the subscriptions, please refer to the announcements of the Company dated 12 December 2025, 22 December 2025 and 6 January 2026.

Subscriptions of 59,574,000 Shares

On 23 December 2024, the Company entered into subscription agreements with Mr. Chen Chuzhan and Mr. Chen Hao Jun, pursuant to which (i) Mr. Chen Chuzhan had agreed to subscribe for 48,936,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share; and (ii) Mr. Chen Hao Jun had agreed to subscribe for 10,638,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share. The net issue price was HK\$0.499 per subscription share. The closing price was HK\$0.20 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscriptions Shares was HK\$148,935.

Mr. Chen Chuzhan is an individual investor with extensive equity investment experience in new energy, trading and pharmaceutical business. Mr. Chen Hao Jun is an individual investor with extensive experience in equity investment mainly engages in e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, they were independent of the Company and its connected persons.

The subscriptions were completed and 48,936,000 new Shares were allotted and issued to Mr. Chen Chuzhan and 10,638,000 new Shares were allotted and issued to Mr. Chen Hao Jun under general mandate on 15 January 2025. The net proceeds from the subscriptions amounted to approximately HK\$29.7 million (equivalent to approximately RMB27.5 million), which were intended for general working capital of the Group and were fully utilised for the same. The Directors consider that the subscriptions represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions helped to broaden the Company's funding channels.

For details of the subscriptions, please refer to the announcements of the Company dated 23 December 2024 and 15 January 2025.

Subscription of 42,000,000 Shares in the Prior Year

On 29 May 2024, the Company entered into a subscription agreement with Ms. Cheng Cong (“**Ms. Cheng**”), pursuant to which Ms. Cheng had agreed to subscribe for 42,000,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share. The net issue price was HK\$0.499 per subscription Share. The closing price was HK\$0.315 per Share as quoted on the Stock Exchange on the date of the subscription agreement. The aggregate nominal value of the subscription Shares was HK\$105,000.

Ms. Cheng, who is an individual investor with extensive experience in equity investment and principally engaged in, among others, e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Ms. Cheng was independent of the Company and its connected persons.

The subscription was completed and 42,000,000 new Shares were allotted and issued to Ms. Cheng under general mandate on 19 June 2024. The net proceeds from the subscription amounted to approximately HK\$20.9 million (equivalent to approximately RMB19.1 million), which were intended for general working capital of the Group and were fully utilised for the same. The Directors consider that the subscription represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscription helped to broaden the Company’s funding channels.

For details of the subscription, please refer to the announcements of the Company dated 29 May 2024 and 19 June 2024.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding Directors’ securities transactions.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

Pursuant to Rule A.3 of the Model Code, the Directors were prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period of 30 days immediately preceding the publication date of the interim results of the Company for the six months ended 30 June 2025 (the “**2025 Interim Results**”), as well as any period of delay in the publication of the announcement of 2025 Interim Results (the “**2025 Black-out Period**”). The 2025 Black-out Period commenced on 29 July 2025, and ended on 28 August 2025, i.e. the date on which the 2025 Interim Results was published. According to Rule B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (other than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement (the “**Designated Director**”).

100,000 Shares held by Everkept Limited (“**Everkept**”) (a company wholly-owned by Mr. Kwok Kin Sun, a Director and the chairman of the Board, and his spouse), representing approximately 0.003% of the total issued share capital of the Company, were sold on the open market as a result of forced sales by the lender under the financial arrangement between Everkept and the lender (the “**Disposal**”) on 30 July 2025, i.e. during the 2025 Black-out Period, without prior notice to Everkept nor Mr. Kwok Kin Sun. Everkept and Mr. Kwok Kin Sun were only informed after the Disposal and thus Mr. Kwok Kin Sun did not notify the Designated Director the same in writing before the Disposal. The Disposal constituted incompliance in the Model Code. For details of the Disposal, please refer to the announcement of the Company dated 7 August 2025.

Save as disclosed above, and upon specific enquiries, all Directors and the senior management of the Company confirmed that they have complied with the relevant provisions of the Model Code throughout the Year.

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 announcement, the Company has maintained the prescribed public float under the Listing Rules up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities during the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE “CG CODE”)

After reviewing the Company’s corporate governance practices and the CG Code contained in Part 2 of the Appendix C1 to the Listing Rules, the Board is satisfied that the Company has complied with the provisions of the CG Code for the Year.

The Board currently comprises five executive Directors, one non-executive Director and three independent non-executive Directors, with independent non-executive Directors representing one-third of the Board, which fulfills the requirement of the Listing Rules. Such percentage of independent non-executive Directors on the Board can ensure their views would carry sufficient weight and enhance the independence of the Board. On the above basis, the Board considers that the current board structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

Important events after the reporting period

Issue of 524,431,000 New Shares under General Mandate

On 12 December 2025, the Company entered into 31 subscription agreements with 31 subscribers, pursuant to which the subscribers had agreed to subscribe for 524,431,000 new ordinary Shares in aggregate at the subscription price of HK\$0.55 per subscription Share. The subscriptions were completed and 524,431,000 new Shares in aggregate were allotted and issued to the subscribers under General Mandate on 6 January 2026. Details of the subscriptions are set out in the paragraphs headed “Subscriptions of 524,431,000 Shares” under the section headed “Issue of New Shares Under General Mandate” on page 39 of this announcement.

Acquisition of the 100% Equity Interest in Wuzhong Ruichu Technology Co., Ltd.* (吳忠市瑞儲科技有限公司) (the “Target Company”) (the “Acquisition”)

On 26 January 2026, the Company (the “**Purchaser**”), entered into the equity transfer agreement with Ningxia Jin Xin Sheng Hui Energy Technology Co., Ltd.* (寧夏晉欣勝輝能源科技有限公司) (the “**Vendor**”), the Target Company and Gansu Qingning Hesheng New Energy Technology Co., Ltd.* (甘肅慶寧禾生新能源科技有限責任公司) and Mr. Wang Tuanwei* (王團維) (together, the “**Guarantors**”), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the entire registered and paid-up capital of the Target Company (the “**Equity Interest**”), at the consideration of RMB64,000,000 (equivalent to approximately HK\$71,680,000) (subject to downward adjustments).

The Target Company is fully owned by the Vendor. The Target Company is principally engaged in the operation of an electrochemical energy storage power station project located in Tongxin County under the administration of the Wuzhong City in the central part of the Ningxia Hui Autonomous Region, the PRC. To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, the Vendor, the Guarantors and their respective ultimate beneficial owners were independent third parties (as defined in the Listing Rules) of the Company and its connected persons.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constituted a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Acquisition has not been completed as at the date of this announcement. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company.

For details of the Acquisition, please refer to the announcement of the Company dated 26 January 2026.

Save as otherwise disclosed in this announcement, no important events affecting the Company have occurred since 31 December 2025 and up to the date of this announcement.

SCOPE OF WORK OF SUYA WWC CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed with the Company's auditor, Suya WWC CPA Limited, which is consistent with the figures set out in the Group's consolidated financial statements for the Year.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the Year:

Opinion

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 International Financial Reporting Standards (“**IFRS Accounting Standards**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements. As at 31 December 2025, the Group had net current liabilities of approximately RMB328,182,000. As stated in note 1, these conditions indicate that material uncertainty exists that cast significant doubt on the Group’s ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon evaluated outcome and the results of various financial plans and measures implemented by the Group. Our opinion is not modified in respect of this matter.

REVIEW OF ANNUAL RESULTS

The audit committee (the “**Audit Committee**”) of the Company consists of the three independent non-executive Directors, namely Mr. Poon Yick Pang Philip (Chairman of the Audit Committee), Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed about auditing, financial reporting, internal control and risk management systems, and has reviewed the audited annual financial results for the Year.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual report for the Year will be dispatched to the relevant shareholders of the Company and published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.chinaanchu2399.com in due course. This announcement can also be accessed on the above websites.

By Order of the Board
China Anchu Energy Storage Group Limited
Kwok Kin Sun
Chairman and Executive Director

Hong Kong, 30 March 2026

As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung, Mr. Lu Ke, Mr. Duan Huiyuan and Ms. Ma Xiaoling; the non-executive Director is Mr. Wang Yan; and the independent non-executive Directors are Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Mr. Ma Yu-heng.

Website: www.chinaanchu2399.com

* *For identification purposes only*